

**Comprehensive
Annual Financial Report
of the**

CITY OF DENHAM SPRINGS

Denham Springs, Louisiana

**For the Fiscal Year Ended
June 30, 2007**

**Prepared by the
City of Denham Springs
Accounting Department**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/30/08

**CITY OF DENHAM SPRINGS
DENHAM SPRINGS, LOUISIANA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2007

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City of Denham Springs

MAYOR
JAMES E. DURBIN

CITY CLERK
JOAN LEBLANC

CITY TREASURER
CLARENCE E. SPEED, JR.

December 20, 2007

To the Honorable Mayor, Members of the City Council,
And Citizens of the City of Denham Springs

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Denham Springs for the fiscal year ended June 30, 2007.

This report consists of management's representations concerning the finances of the City of Denham Springs. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Denham Springs has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Denham Springs's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Denham Springs's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Hannis T. Bourgeois, LLP, a firm of licensed certified public accountants has audited the City of Denham Springs's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Denham Springs for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Denham Springs's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

During the current fiscal year, the City was not required to undergo a single audit in conformance with the provisions of the revised Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to the auditor's report on Internal Control over Financial Reporting and Compliance and other matters, is included in a separately issued report and is available upon request.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Denham Springs's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Denham Springs, incorporated in 1903, is located on the western side of Livingston Parish and is adjacent to East Baton Rouge Parish, which contains the capital city of Baton Rouge and is a major industrial area. The City of Denham Springs currently occupies a land area of 6.12 square miles and serves a population of 10,342. The City of Denham Springs is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Denham Springs has operated under the mayor-board of aldermen (city council) form of government since 1903. Policy-making and legislative authority are vested in a governing council consisting of five council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing, with the approval of the city council, the heads of the various departments. The mayor and the city council are elected at large. The mayor and the five council members serve four-year terms.

The City of Denham Springs provides a full range of services, including police and fire protection, maintenance of streets and drainage, animal control, cemetery, general administrative services, planning and zoning, building inspection, main street program, community arts program, and health services, gas services, water services, sewer services, recycling, and solid waste disposal.

The annual budget serves as the foundation for the City of Denham Springs's financial planning and control. All agencies of the City of Denham Springs are required to submit requests for appropriation to the government's city treasurer. The city treasurer uses these requests as the starting point for developing a proposed budget. The city treasurer then presents this proposed budget to the city council for review. The city council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Denham Springs's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 29-38 as part of the financial statements of the governmental funds. The only other governmental funds with an annual appropriated budget are the Capital Projects Fund and Witness Fee Special Revenue Fund.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Denham Springs operates.

Local economy. The City of Denham Springs continues to enjoy a favorable economic environment and local indicators point to continued stability. The region has a varied industrial base that adds to the relative stability of the unemployment rate. Major industrial areas located within close proximity include the petrochemical manufacturing plants and the companies supported by these plants such as suppliers, contractors, professionals and financial institutions. Add to this the state governmental job availability in the surrounding areas of Baton Rouge, the state capital for the State of Louisiana, and the businesses supported directly and indirectly.

This is the first full fiscal year after the previous fiscal year hurricane disasters. To recap on August 28-29, 2005 the City was damaged by Hurricane Katrina and then received additional damage on September 23-24, 2005 by Hurricane Rita. The impact of these two hurricanes initially caused short-term disruptions within the City due to numerous power outages. Damage was mostly to trees leaving several tons of debris along with closure of streets due to fallen trees and with Hurricane Rita the concern of flooding. Through the efforts of local officials, the State of Louisiana and the United States FEMA agency the City fully recovered and received full reimbursement for damage caused by these two hurricanes totaling \$652,758.

The City received significant increased sales tax revenue for the tax months of September and October 2005. This resulted from the City's quick recovery and ability to supply the demands of citizens in devastated parishes. The City's retailers were able to supply food, gasoline, hotel space, and hardware materials and generators. The City's sales tax collections for the fiscal year 2005-2006 averaged \$522,622 per tax month. The City's sales tax collections for the current fiscal year 2006-2007 continue to be robust averaging \$546,477. The City foresees continued sales tax receipts for the fiscal year 2007-2008 averaging approximately \$550,000 per month.

Influencing the population growth in areas near Denham Springs is Livingston Parishes lower crime rates, a respected school system and continued investment in and enhancement of various quality of life benefits offered such as recreation, arts, public libraries, antiques, local music concerts, and theater productions. Retailers are following the population growth and are locating or expanding operations within the City of Denham Springs. Availability of commercial properties with city services including fire and police protection are major factors with retailers deciding to locate here.

Construction of the long awaited development of a new Bass Pro Shop has commenced. Anticipated opening date is in February 2008. Conservatively, construction cost for this new retail center is approximately \$50 million dollars. Anticipated additional construction is a hotel, several restaurants, stand alone big box stores and a "power strip mall".

The development of the 176,000 square foot Bass Pro Shop within the new city limits was made possible through annexation. The City and the United States Justice Department both gave final approval for the annexation of a tract of land on the north side and three tracts of land on the south side of the City. Accomplished was the City's goal of expanding commercial growth within the city, and in return providing commercial business fire and police protection plus the additional benefit of saving on their property insurance based on a current fire rating of 3.

The City of Denham Springs continues to explore additional tracts of land within the City for future commercial growth. The vision is to design streets providing access to vacant available land, land owners in these identified areas who are willing to donate the necessary land to construct these streets, and locating available funding such as grants from the State of Louisiana to complete construction of this type of project.

The region (which includes the City of Denham Springs and the surrounding unincorporated area within Livingston Parish) has an employed labor force of approximately 52,090. The City of Denham Springs's central business district is expected to maintain its current 97 percent occupancy rate with a variety of stores, specialty shops, and commercial businesses.

Long-term financial planning. The City will continue to improve services and upgrade infrastructure. Projects planned for the future include:

- Construction of an I-12 interchange at Pete's Highway. This interchange project is to be funded by Federal and State appropriations.
- Encouraging our local Baton Rouge area representatives and senators along with our United States congressional delegation to fully fund the adding of additional I-12 interstate lanes going east and west through the City of Denham Springs past the Town of Walker.
- Extension of River Road to the traffic signal at Highway 1032 (4-H Club Road). The existing outlet for River Road is anticipated to be a dead end.
- Widening the intersection of Cockerham Road and Hatchell Lane to accommodate a turn lane and signal light synchronization.
- Widening the intersection of Hatchell Lane and Florida Boulevard to accommodate a turn lane and signal light synchronization.
- Widening the intersection of Pete's Highway and Florida Boulevard to accommodate a turn lane and signal light synchronization.
- Construction of DEMCO Drive thereby joining Range Avenue and Pete's Highway at the DEMCO Building on Range Avenue and widening of Tate Road.
- Planning and funding sources continue to be studied for the upgrade of Cook Road from Range Avenue and an extension of Cook Road to Juban Road. This planned curb and gutter-street will provide access for the planned construction of a new high school. This will provide a link to the new interstate interchange and provide new commercial areas. This is within the area under consideration for annexation. This is a project expected to require a minimum of five years to complete.
- Replace an existing 18" gravity sewer trunk line between Pete's Highway and Range Avenue. The projected cost is \$400,000.

Cash management policies and practices. The City of Denham Springs conservatively invested its idle funds in certificates of deposit through its current fiscal agent, Capital One, N.A. Investments are collateralized with securities pledged by the financial institution and held in our name by an approved third-party custodial bank. Procedures followed and securities pledged are in accordance with the Statutes of the State of Louisiana. The maturities of the certificates of deposit range from 180 days to 365 days, with an average maturity of 180 days. The average yield on the certificates of deposit was 5.31% for the City of Denham Springs.

Risk management. During the fiscal year ended June 30, 2007 management believes the City is fully insured for all major risks, such as General Liability, Workmen's Compensation, Employee and Public Official Fidelity Bonds, and Fire Extended Coverage and Flood Insurance. The City maintains no self-insurance program at June 30, 2007.

Additional information on the City of Denham Springs's risk management activity can be found in Note 15 of the notes to the financial statements.

Pension and other post employment benefits. Substantially all employees of the City of Denham Springs are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana (MERS), Municipal Police Employees Retirement System of Louisiana (MPERS), or Firefighters Retirement System of Louisiana. These systems are multiple employer (cost-sharing), public employee retirement systems (PERS), controlled and administered by separate State appointed board of trustees. The City of Denham Springs has no obligation in connection with employee benefits offered through these plans beyond its annual contractual payment to these State Pension Boards

Additional information on the City of Denham Springs's pension arrangements and post employment benefits can be found in Notes 11 and 12 in the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Denham Springs for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. This was the eleventh consecutive year that the City of Denham Springs has received this prestigious award. In order to be awarded a Certificate of Achievement by GFOA, a governmental unit must publish an easily readable and efficiently organized CAFR. This report satisfied both accounting principles generally accepted (GAAP) in the United States of America, and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the Administrative Office Staff whose daily efforts result in the proper handling of the City's financial affairs and the successful completion of this report.

Appreciation is also expressed to the Mayor and City Council for their support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

City of Denham Springs

Clarence E. Speed, Jr.

Clarence E. Speed, Jr.
City Treasurer

CITY OF DENHAM SPRINGS
PRINCIPAL ELECTED OFFICIALS

JUNE 30, 2007

Mayor:

James E. Durbin

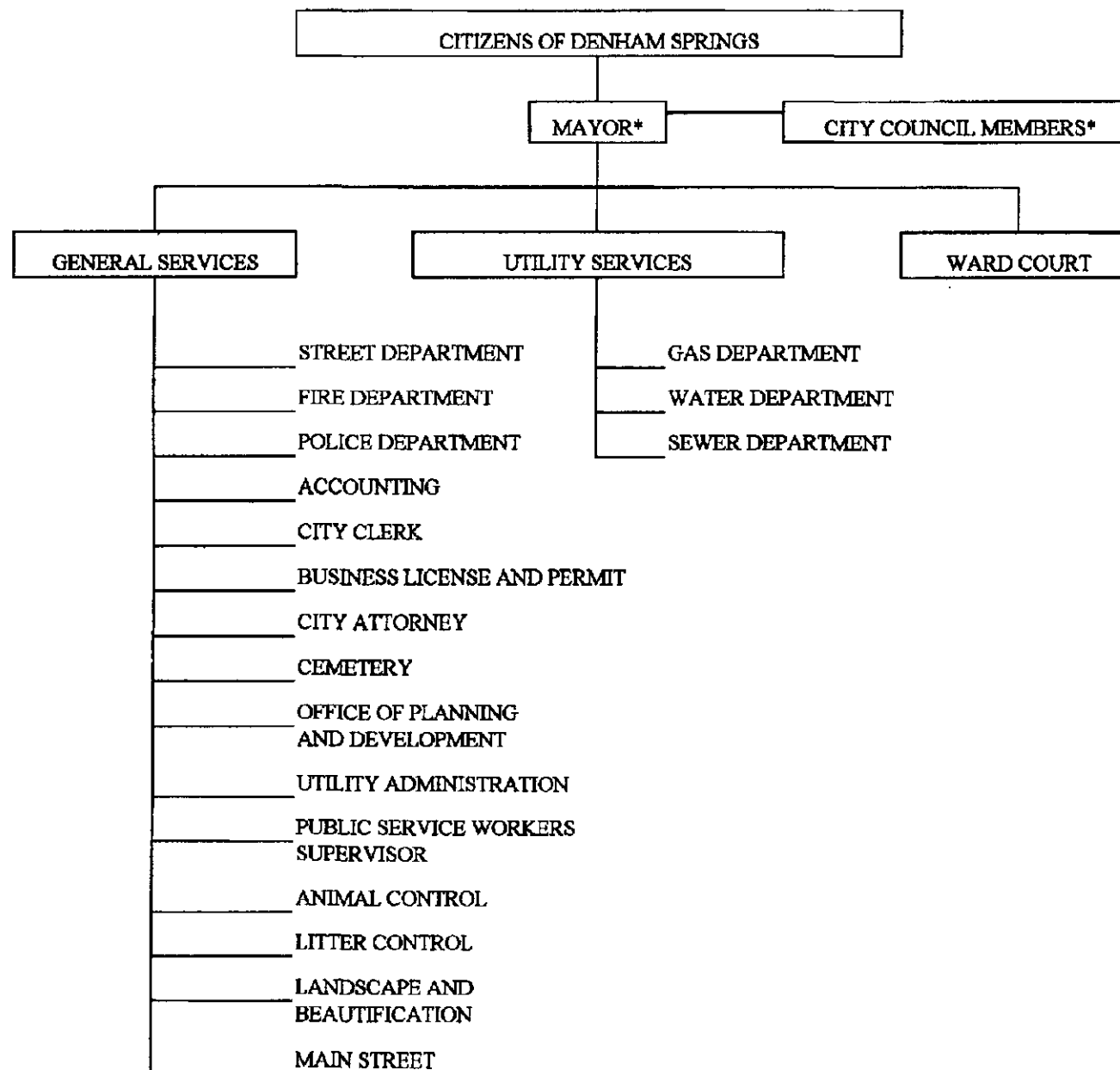
City Council Members:
Current Terms Expire December 31, 2010:

Lori Lamm-Williams
Arthur Perkins
John Wascom
Rene F. Delahoussaye, Jr.
Jerry L. Denton

CITY OF DENHAM SPRINGS

ORGANIZATIONAL CHART

JUNE 30, 2007



* ELECTED OFFICIALS

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Denham Springs
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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Hannis T. Bourgeois, LLP

Certified Public Accountants

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December 20, 2007

INDEPENDENT AUDITOR'S REPORT

**The Honorable James E. Durbin, Mayor
and Members of the City Council
Denham Springs, Louisiana**

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds and internal service fund presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The Honorable James E. Durbin
and Members of the City Council
City of Denham Springs, Louisiana

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as well as the aggregate nonmajor governmental funds and the internal service fund type of the City of Denham Springs, Louisiana, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund and capital projects fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and internal service fund of the City of Denham Springs, Louisiana, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the special revenue witness fee fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated December 20, 2007, on our consideration of the City of Denham Springs' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 20 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Denham Springs, Louisiana's basic financial statements. The accompanying financial information listed in the Table of Contents as Supplementary Schedule (Schedule 1) is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Denham Springs, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and the financial information listed in the Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them.

Respectfully submitted,

James E. Durbin, CPA

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

As management of the City of Denham Springs, Louisiana, we offer readers of the City of Denham Springs, Louisiana's financial statements this narrative overview and analysis of the financial activities of the City of Denham Springs, Louisiana, for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-ix of this report.

Financial Highlights

- The assets of the City of Denham Springs exceeded liabilities at the close of the most recent fiscal year by \$27,653,438 (*net assets*). Of this amount, \$5,268,909 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets compared to prior year total net assets of \$26,536,786 increased by \$1,116,652.
- As of the close of the current fiscal year, the City of Denham Springs's governmental funds reported combined ending fund balances of \$5,853,676, an increase of \$757,030 in comparison with the prior year combined ending fund balances of \$5,096,646. Approximately ninety percent of this total amount, \$5,254,647, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,830,519, or 56 percent of total general fund expenditures.
- The City of Denham Springs's total debt increased by \$24,089,927 during the current fiscal year. The key factor in this net increase was the issuance of \$23,765,000 of 2006 Utility Revenue Bond - Sewer Project, which included \$227,264 of an issuance premium. In addition, the City increased capital lease debt by \$106,168 to finance the purchase of six police vehicles during the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Denham Springs's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Denham Springs's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* (Exhibit A-1) presents information on all of the City of Denham Springs's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Denham Springs is improving or deteriorating.

The *Statement of Activities* (Exhibit A-2) presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Denham Springs that are principally supported by taxes, licenses, permits, fines and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Denham Springs include general government, public safety, highways and streets, health, and culture and recreation. The business-type activities of the City of Denham Springs include a gas and water distribution operation, a sewer disposal operation, and a contracted solid waste disposal operation. All business type activities are included in a single Utility Enterprise Fund.

The government-wide financial statements include not only the City of Denham Springs itself (known as the *primary government*), but also a legally separate City Court of Denham Springs Ward II and a legally separate Marshall of City of Denham Springs - Ward II for which the City of Denham Springs is financially accountable. In addition to the state constitutionally defined agencies included above, the City has created an Economic Development District under Louisiana Statute, the Denham Springs Economic Development District, to assist the City and surrounding area in the creation of economic development, to improve employment and to otherwise improve the economic condition of the City of Denham Springs and surrounding areas. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 22-24 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Denham Springs, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Denham Springs can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Denham Springs maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Denham Springs adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 25-38 of this report.

Proprietary funds. The City of Denham Springs maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Denham Springs uses enterprise funds to account for its gas and water distribution operation, sewer disposal operation, and contracted solid waste disposal operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Denham Springs' various functions. The City of Denham Springs uses an internal service fund to account for fuel and maintenance cost for its fleet of vehicles and equipment. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the enterprise fund consisting of the gas and water distribution operation, sewer disposal operation, and contracted solid waste disposal operation, which is considered to be a major fund of the City of Denham Springs. Conversely, the internal service fund is a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 39-43 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44-84 of this report.

Other information. In addition to the basic financial statements and accompanying notes, the capital projects fund budgetary comparison and the combining statement referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. The capital projects fund budgetary comparison and the combining and individual fund statements and schedules can be found on pages 86-90 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Denham Springs, assets exceeded liabilities by \$27,653,438 at the close of the most recent fiscal year.

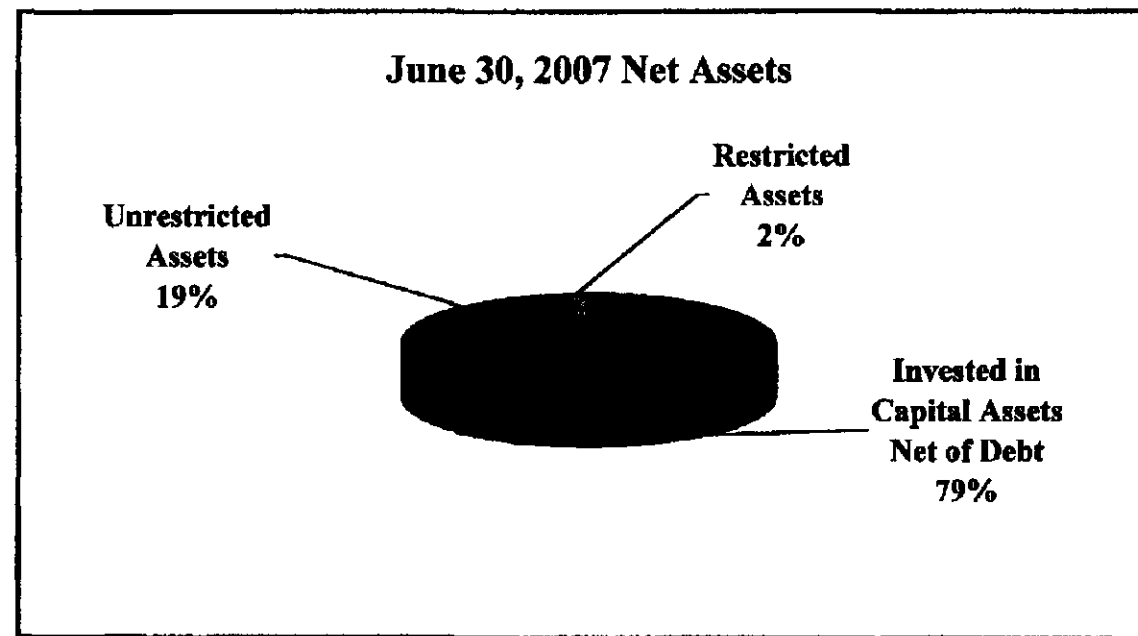
By far the largest portion of the City of Denham Springs's net assets (79 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding. The City of Denham Springs uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Denham Springs's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the Condensed Statement of Net Assets for June 30, 2007 with comparative figures from 2006.

City of Denham Springs
Condensed Statement of Net Assets
June 30, 2007 and 2006

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets:						
Current and Other						
Assets	\$ 7,429,382	\$ 5,631,697	\$ 1,222,146	\$ 844,760	\$ 8,651,528	\$ 6,476,457
Restricted Assets	-	-	24,203,209	690,000	24,203,209	690,000
Capital Assets	6,315,549	6,307,790	15,991,254	15,086,106	22,306,803	21,393,896
Total Assets	13,744,931	11,939,487	41,416,609	16,620,866	55,161,540	28,560,353
Liabilities:						
Current Liabilities	1,414,674	406,900	1,453,822	1,066,988	2,868,496	1,473,888
Long-Term Liabilities	561,874	411,514	24,077,732	138,165	24,639,606	549,679
Total Liabilities	1,976,548	818,414	25,531,554	1,205,153	27,508,102	2,023,567
Net Assets:						
Invested in Capital						
Assets Net of Debt	6,191,695	6,228,263	15,593,805	15,086,106	21,785,500	21,314,369
Restricted	599,029	557,781	-	-	599,029	557,781
Unrestricted	4,977,659	4,335,029	291,250	329,607	5,268,909	4,664,636
Total Net Assets	\$ 11,768,383	\$ 11,121,073	\$ 15,885,055	\$ 15,415,713	\$ 27,653,438	\$ 26,536,786

For more detailed information see Exhibit A-1, the Statement of Net Assets.



Approximately 79% (\$21,785,500) of the City's net assets at June 30, 2007, reflects the government's investment in capital assets (land, buildings, infrastructure, machinery and equipment) less any related debt to acquire those assets. The City uses these capital assets to provide services to the citizens of Denham Springs and, therefore, these assets are not available for future spending. An additional portion of the City of Denham Springs' net assets (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance (19 percent) of unrestricted net assets (\$5,268,909) may be used to meet government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, The City of Denham Springs is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Restricted assets reported in connection with the City of Denham Springs' business-type activities increased \$23,513,209 compared to the prior fiscal year. The increase in restricted assets was caused by the unspent portion of the 2006 Utility Revenue Bond of \$23,019,483, the increase in the revenue bond covenant accounts required by the 2006 Utility Revenue Bond of \$351,541, the increase in the certificate of deposit of \$60,000 set aside to repay customer deposits and the accrued interest receivable on these funds of \$82,185.

The City's net assets increased by \$1,116,652 during the current fiscal year as compared to 2006's increase of \$1,458,465. This difference reflects a decline of \$341,813. Most of the decline was caused by the reduction of operating grants attributed to public safety in the amount of \$453,022 coupled with small increases in overall expenses. This decline was somewhat offset by increased revenues in the City's general taxes of \$342,936.

The condensed statement below provides a summary of the changes in net assets for the year ended June 30, 2007, with comparative figures from 2006.

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for Services	\$ 541,383	\$ 595,806	\$ 6,888,887	\$ 6,940,905	\$ 7,430,270	\$ 7,536,711
Operating Grants and Contributions	306,493	794,018	-	183,981	306,493	977,999
Capital Grants and Contributions	2,141,638	103,925	208,735	83,576	2,350,373	187,501
General Revenues:						
Sales Taxes	6,557,726	6,271,458	-	-	6,557,726	6,271,458
Other Taxes	1,897,241	1,840,573	-	-	1,897,241	1,840,573
Other Grants and Contributions not Restricted to Specific Programs	187,406	217,156	31,914	81,479	219,320	298,635
Other	200,730	91,202	58,318	59,403	259,048	150,605
Total Revenues	11,832,617	9,914,138	7,187,854	7,349,344	19,020,471	17,263,482
Expenses:						
General Government	1,771,741	1,665,220	-	-	1,771,741	1,665,220
Public Safety	5,318,674	5,132,885	-	-	5,318,674	5,132,885
Highways and Streets	3,692,535	1,479,561	-	-	3,692,535	1,479,561
Health	86,423	83,613	-	-	86,423	83,613
Culture and Recreation	5,848	6,364	-	-	5,848	6,364
Interest on Long-Term Debt	5,518	3,591	-	-	5,518	3,591
Gas	-	-	3,508,527	4,094,315	3,508,527	4,094,315
Water	-	-	1,292,457	1,227,451	1,292,457	1,227,451
Sewer	-	-	1,475,803	1,421,191	1,475,803	1,421,191
Sanitation	-	-	746,293	690,826	746,293	690,826
Total Expenses	10,880,739	8,371,234	7,023,080	7,433,783	17,903,819	15,805,017
Increase (Decrease) in Net Assets before Transfers	951,878	1,542,904	164,774	(84,439)	1,116,652	1,458,465
Transfers	(304,568)	(329,718)	304,568	329,718	-	-
Increase in Net Assets	647,310	1,213,186	469,342	245,279	1,116,652	1,458,465
Net Assets - Beginning of Year	11,121,073	9,907,887	15,415,713	15,170,434	26,536,786	25,078,321
Net Assets - End of Year	\$ 11,768,383	\$ 11,121,073	\$ 15,885,055	\$ 15,415,713	\$ 27,653,438	\$ 26,536,786

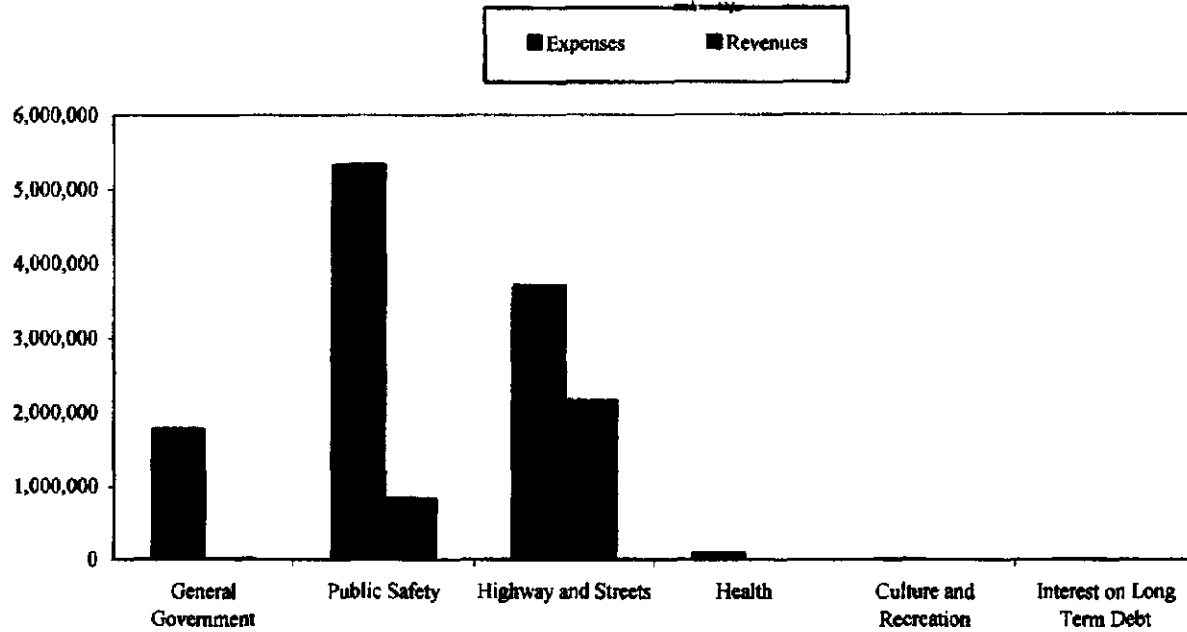
Governmental activities. Governmental activities increased the City of Denham Springs's net assets by \$647,310, thereby accounting for 58 percent of the total increase in the net assets of the City of Denham Springs. Key elements of this increase are documented below.

Total revenues from Governmental Activities increased by \$1,943,629 over the prior year.

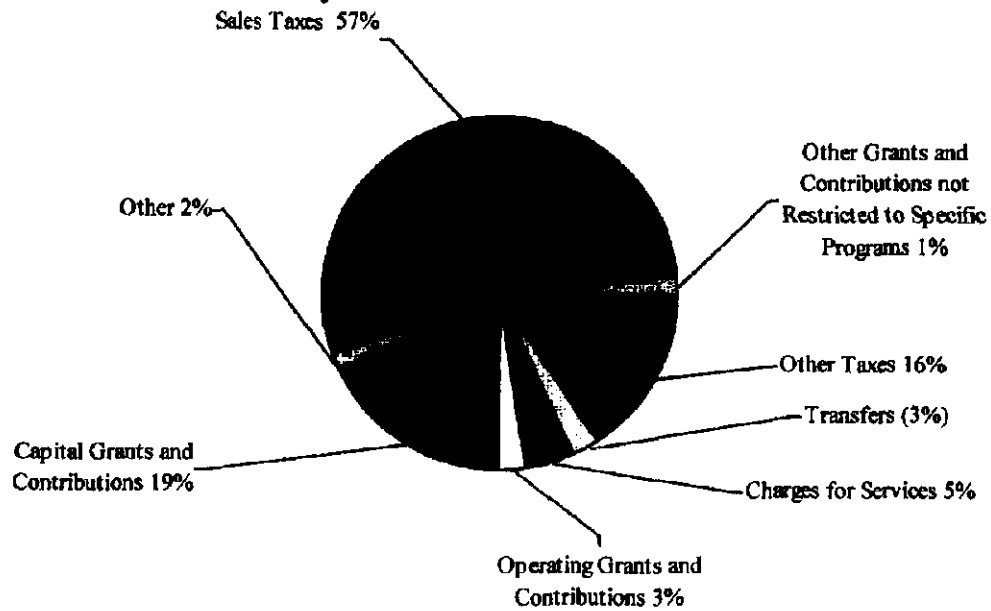
- Sales taxes increased by \$286,268 (4.6 percent) during the year. Most of this increase is attributable to a 35% increase in vehicle sales tax collected, commercial construction within Denham Springs, and the continued population growth of surrounding areas outside Denham Springs.

- Ad Valorem taxes (property taxes) decreased by (\$2,341) as a result of City Council action reducing the millage rate from 2.92 mills to 2.843 mills. The City Council stated that this action was taken to stabilize citizen and business property tax bills.
- Charges for services decreased by (\$54,423) during the year. This decrease is mainly attributable to decreased fines collected (\$59,087), a decrease in animal adoption fees (1,889) and a decrease in witness fees (\$2,398) offset by an increase in background check fees \$8,192 and wreck reports \$759.
- Operating grants and contributions decreased (\$487,525) during the year. This decrease was mainly attributable to the previous fiscal year completion of a street mapping grant (\$36,248), previous fiscal year receipt of an animal control grant for expansion of animal shelter to accommodate animals displaced by Hurricane Katrina (\$5,000) and the previous fiscal year receipt of a FEMA Hurricane Disaster Grant reimbursing for emergency preparation and debris cleanup from Hurricane Katrina and Hurricane Rita (\$461,732), current fiscal year decrease in on-behalf payments for salaries (\$3,790) and current fiscal year decrease in Main Street grants (\$755) offset by current fiscal year grant increases in Fire Department equipment grants of \$6,037, law enforcement equipment and overtime grants of \$11,463, and an urban/community forestry grant of \$2,500.
- Capital Grants and Contributions increased by \$2,037,713. This increase was because of engineering fees for redesign, signalization and inspection, completion of a grubbing and clearing contract, completion of a utility relocation contract, and commencement of the construction of the Range Road Corridor Project. All this increased grant monies was received from the State of Louisiana Department of Transportation and Development as per an executed cooperative endeavor agreement.
- Interest income increased during the current fiscal year by \$109,528. This increase was mainly caused by the increase in interest rates by the Federal Open Market Committee. This committee sets the Federal Reserve policy for the overnight bank lending rate, which raises the rate earned on invested funds. Of further note is an increase in investments of \$129,723.
- Occupational license and permits increased by \$92,556. This increase is attributable to continued commercial growth and strong economic community support. Of note is an increase in occupational license \$27,447, a decrease in insurance license (\$11,399), an increase in contractors license \$3,400, an increase in inspection department permits \$72,382 and fire and police permits \$600, an increase in planning and zoning fees \$191, an increase in alcohol license fees \$1,040 offset by a decrease in amusement machine license (\$350) and servers and sellers permits (\$755).
- Franchise fees decreased by (\$33,547). This decrease is mostly attributable to Entergy Corporation (\$50,820) resulting from lower fuel cost billed to their customers within the City. Entergy Corporation depends on natural gas fuel to generate its electricity versus DEMCO using coal fuel to generate its electricity. DEMCO remitted increased franchise fees of \$2,830 plus increased cable franchise fees of \$14,233 and increased wrecker franchise fees of \$210.
- Other Grants and Contributions not Restricted by Specific Programs decreased by (\$29,750). This net decrease in revenue resulted from an increase in the alcoholic beverage tax of \$540, an increase in the collection of chain store taxes of \$240, a decrease in fire insurance commissions of (\$3,539), an increase in insurance premium rebate received from Louisiana Workers Compensation Corporation (LWCC) of \$13,629, a decrease in Royalties of (\$43,028) and an increase in miscellaneous other revenues \$2,408.
- Transfers Out decreased (\$25,150). This was due to a decrease in total sewer expenses, thus, reducing the subsidy to the Utility Enterprise Fund Sewer Department.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



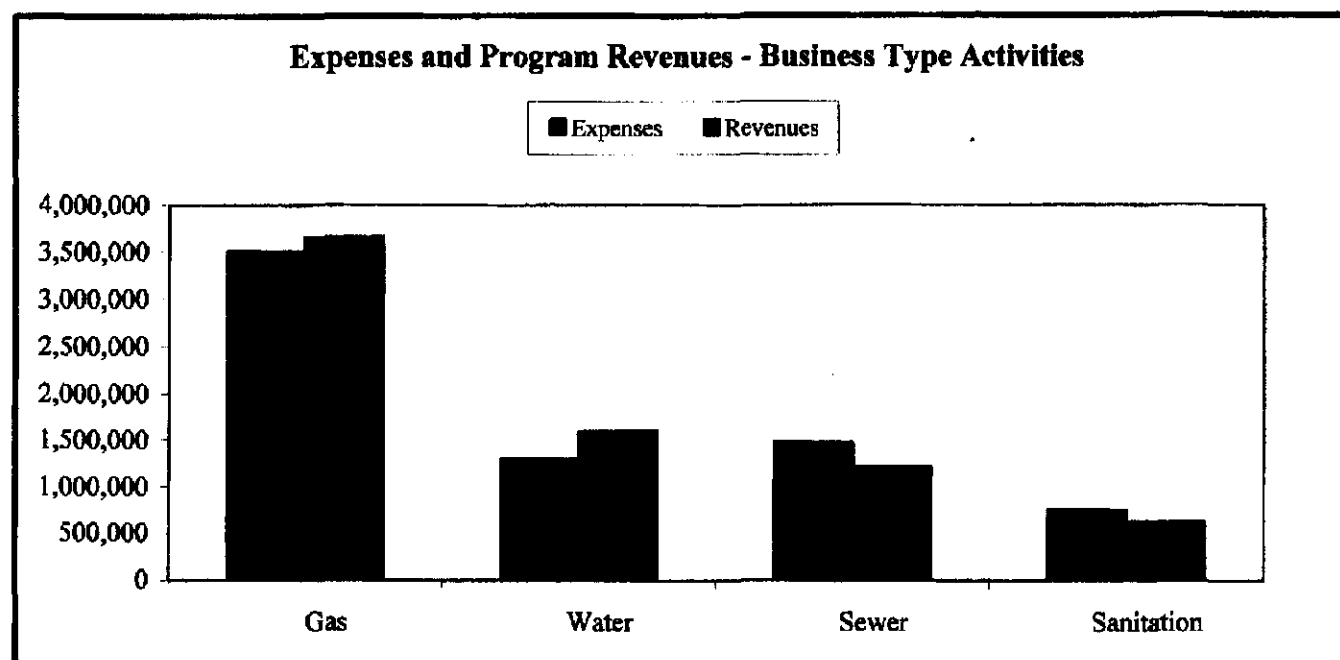
Total expenses from Governmental Activities increased by \$2,509,505.

- Total salaries charged to governmental activities decreased from \$4,081,523 to \$4,042,478 or a decrease of (\$39,045). The annualized cost of a 3% cost of living raise approved April 3, 2007 and the hiring of additional employees was offset by a decrease mainly from the prior fiscal year one time payment of \$195,000 settling a lawsuit filed by the City of Denham Springs' firefighters and previous fiscal year increase in overtime cost resulting from emergency preparation and debris cleanup from two major hurricanes. The pay increases offset by the prior year obligation decreases resulted in a net decrease.
- Related payroll taxes and employee benefits charged to governmental activities increased from \$1,114,497 to \$1,158,630 or \$44,133. As stated above the April 3, 2007 annualized 3% cost of living raise and the hiring of additional employees had an opposite effect to the prior year obligation reductions. This resulted in a net increase.
- General Government and Public Safety activities other than salaries and benefits increased \$287,222. This increase was mainly caused by increases in the cost of printing and postage of \$21,068, the increase in repairs and maintenance to buildings and equipment of \$35,885, the increase of legal and professional fees within the tax department of \$18,501, the increased costs of providing animal care to the sheltered animals of \$44,233, the one-time cost of an intergovernmental agreement with the Livingston Parish Communications District for fire and police dispatching services of \$120,360, the increase of small tools and supplies purchased by the fire department of \$21,826, and the increase in insurance costs caused by the purchase of new vehicles of \$29,255.
- Highways and Streets activities increased \$2,212,974. This net increase is mainly attributable to the Range Road Corridor Project. In this fiscal year, the Range Road Corridor Project completed the clearing and grubbing contract and utility relocation contract. Because the project was on a state highway, funded by the State of Louisiana, and the City would not own the road, the project was not considered a capital asset of the City but reported as an expense.
- Health activities increased \$2,810. This increase is attributable to the cost of funding garbage collection at the Denham Springs Housing Authority units located at Eugene Street offset by a prior year decrease in expenses incurred for emergency support provided to individuals sheltered at the West Livingston Park facility in Denham Springs as a result of Hurricane Katrina.
- Culture and Recreation activities decreased (\$516). This decrease is mainly from a prior year grant funding a master action plan for downtown Denham Springs, and a decrease in committee and travel expenses.
- Interest on Long-Term Debt increased \$1,927 because the City incurred additional debt of \$106,168 for financing six police cars for 36 months.
- Payments to Component Units decreased by (\$5,163). This decrease is attributable to reduced court costs earned resulting from a decrease in tickets issued and fine revenue received.

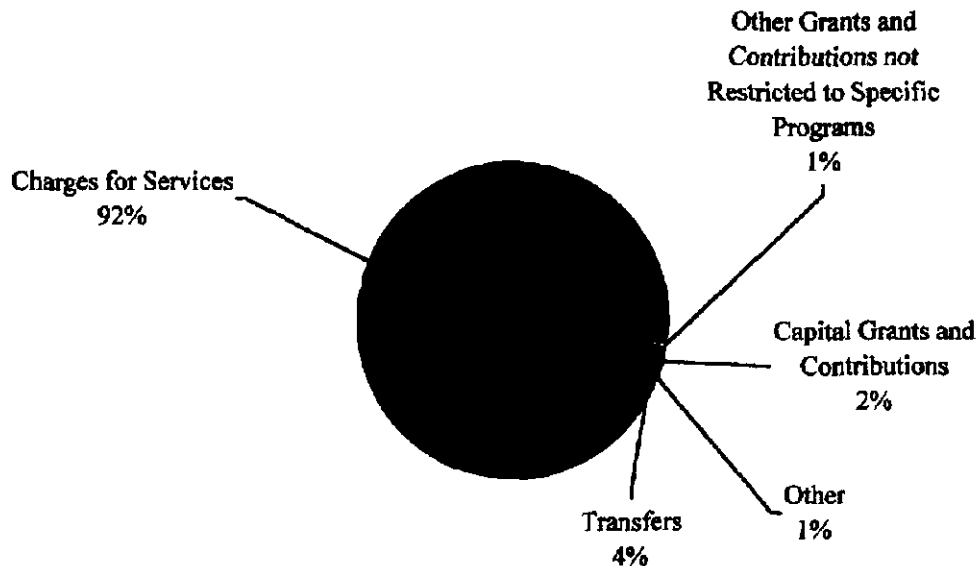
Business-type activities. Business-type activities increased the City of Denham Springs's net assets by \$469,342 accounting for 42 percent of the total increase in the government's net assets as compared to a prior fiscal year change in net assets of \$245,279 or 16.8 percent. Key elements are as follows.

- Operating loss of (\$134,193) from business-type activities decreased by \$158,232 from the prior year. Attributable to this decrease was increased rates on fees charged water and sewer customers adopted December 12, 2006 and implemented with billing cycle no. 1. Due to errors in billing natural gas fuel cost adjustments of approximately \$140,000, further decrease in the operating loss was not recognized in 2007. Finally, the City continued to absorb increased sanitation rates.

- Non-operating revenue decreased by (\$50,650). This decrease is mainly attributable to a prior year completion of an EPA sewer mapping grant (\$36,248) and a (\$10,500) Homeland Security grant for fencing installed around a water tower.
- Non-operating expenses decreased by \$16,472. This decrease was attributable to fiscal year 2005-2006 being the final fiscal year for payment of the 1998 Utility Revenue Refunding bond interest and amortization of bond costs.
- Capital contributions increased by \$125,159. This increase was attributable to sewer impact fees and a \$26,000 private donation of land. This site is designated for the construction of a 1 million gallon water tower financed by the 2006 Utility Sewer bond issue.
- Transfers decreased by (\$25,150). During the fiscal year transfers of \$304,568 from the general fund to subsidize utility expenses within the sewer department were authorized as compared to a previous fiscal year transfer of \$329,718.



Revenues by Source - Business Type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of Denham Springs uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Denham Springs's *governmental funds* is to provide information on near-term inflow, and balances of *spendable* resources. Such information is useful in assessing the City of Denham Springs's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Denham Springs's governmental funds reported combined ending fund balances of \$5,853,676, an increase of \$757,030 in comparison with the prior year. Approximately 90% of this total amount (\$5,254,647) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to generate income to pay for the perpetual care of the municipal cemetery (\$599,029).

The general fund is the chief operating fund of the City of Denham Springs. At the end of the current fiscal year, total fund balance of the general fund of \$4,830,519 was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Total fund balance and unreserved fund balance represents 56 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the City of Denham Springs' general fund increased by \$847,011. Key factors in this increase are as follows:

- Key to this increase is continued stability of revenue on par with the previous fiscal year and increased sales tax, business license and permit revenue replacing intergovernmental revenue created by two disasters, Hurricane Katrina and Hurricane Rita.
- Continued economic growth within the City and increased growth of surrounding residential population has benefited the City of Denham Springs collection of sales tax revenue. This fiscal year's sales tax collections of \$6,557,726 exceeded the previous fiscal year collections of \$6,271,458 (the fiscal year experienced by Hurricane Katrina and Hurricane Rita and its aftermath of cleanup and re-building) or by an increase of \$286,268.
- The City continues to benefit from the services provided by the local cable provider, Cox Communications. Cable TV Franchise Tax revenues increased by \$14,233.
- In contrast the Electrical Franchise Tax decreased by (\$47,990). This tax decrease is attributable to a mild winter resulting in a decrease in the price of natural gas purchased by Entergy whose cost is passed to its customers as a fuel adjustment.
- All other tax revenues compared to the previous year resulted in a net decrease of (\$1,351).
- Continued commercial development within the City of Denham Springs has benefited in additional license and permit revenue of \$92,556.
- The City continues to experience increased traffic flow from its residents within and surrounding areas outside the City. Add to this a major road construction project within the city impacting driving patterns and drivers have been forced to temporarily change their travel routes through the City of Denham Springs. For the fiscal year the City's enforcement of City traffic laws has resulted in a decrease in traffic fine collections by (\$59,087).
- Interest income increased during the current fiscal year by \$95,562. This increase was caused mainly by the increase in interest rates by the Federal Open Market Committee. This committee sets the Federal Reserve policy for the overnight bank lending rate, which raises the rate earned on invested funds. Of note is the increase in general fund investments of \$129,723.
- Of concern is the related retirement benefit enjoyed by City employees. The City continues to monitor the State administered retirement system employer rates. For this fiscal period the municipal employees rate stayed the same while Police and Fire rates did decrease as follows:

	<u>Prior Employer Rate</u>	<u>Current Employer Rate</u>	<u>Rate Decrease</u>
Municipal Employees Retirement System of Louisiana	9.75%	9.75%	0.0%
Municipal Police Employees Retirement System of Louisiana	16.25%	15.50%	(0.75%)
Firefighters Retirement System of Louisiana	18.00%	15.50%	(2.50%)

Overall retirement cost decreased (\$14,582) as of the fiscal year ended June 30, 2007. The net decreases breakdown as follows:

	FY <u>05-06</u>	FY <u>06-07</u>	Net Increase (Decrease)
Municipal Employees Retirement System of Louisiana	\$218,760	\$229,691	\$ 10,931
Municipal Police Employees Retirement System of Louisiana	172,269	168,829	(3,440)
Firefighters Retirement System Of Louisiana	<u>138,199</u>	<u>116,126</u>	<u>(22,073)</u>
Total	<u>\$529,228</u>	<u>\$514,646</u>	<u>\$ (14,582)</u>

- Equipment purchases in the general fund increased by \$335,617 over the prior year. Significant to this increase was the purchase of computers and printers in the amount of \$26,570 replacing three years and older computer equipment necessitated by hard drive failures and older system operating software. Increased equipment purchases for the Fire Department consisted of twelve self contained air packs for \$48,900 and a used 1998 Ford Crown Victoria completely outfitted for \$6,395 for the Fire Inspector. Police department equipment purchases increased for the purchase of a motorcycle for \$13,794, six police units completely outfitted at cost of \$144,023, and 30% down-payment toward a law enforcement record and management software system of \$53,692. The Street Department equipment purchases increased for a new modular office building outfitted with new furniture at a cost of \$73,967 and the purchase of a used 2000 Chevrolet K-3500 truck for \$15,900.
- Transfers to the Enterprise Fund decreased to \$304,568 from \$329,718. The City Council utilized revenue receipts from a ½ cent sales tax originally dedicated to fund construction cost on the current wastewater treatment system and then once paid the sales tax became available for any general purpose.
- Proceeds from issuance of debt increased by \$106,168. The City entered into a capital lease agreement through GMAC financing six new police units costing \$144,023 over a three year period at an interest rate of 6.95%.

The debt service fund has a total unreserved fund balance of \$3,241, compared to a prior year unreserved fund balance of \$3,148. The increase is interest earned of \$93.

Proprietary funds. The City of Denham Springs' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise fund at the end of the year amounted to \$291,250. The total increase in net assets for the enterprise fund is \$469,342. Other factors concerning the enterprise fund have already been addressed in the discussion of the City of Denham Springs' business-type activities.

General Fund Budgetary Highlights

Major differences between the original budget and the final amended budget of the General Fund are briefly summarized as follows:

Revenues:

Total budgeted revenues were increased by \$1,004,878 over the original budget. Larger areas of change were as follows:

- Sales tax revenue was increased by \$580,000 due to original conservative projections.
- Ad Valorem (Property) tax was increased by \$5,000 due to original conservative projection.
- Cable TV Franchise tax was increased by \$14,233 to actual revenue amount received.
- Electrical franchise tax revenue was increased by \$16,500 based on current collections and continued higher customer electric bills due to increased fuel cost.
- Occupational license fee revenue was increased by \$45,000 based on current collections.
- Insurance license fee revenue was increased by \$28,000 based on current collections.
- Other permits and license fee revenue was increased \$9,815 due to commercial development within the City.
- Background check fees are a source of revenue the City has been receiving for only approximately five years. This is an increase of \$6,200 due to the original conservative projection.
- Interest income revenue was increased \$125,000. This increase was based on the increase in interest rates approved by the Federal Open Market Committee.
- 2% fire insurance tax rebate from the State of Louisiana was increased \$6,226 based on previous fiscal year actual amount collected.
- Insurance premium rebate – LWCC rebate was increased \$31,791 based on written notice by Louisiana Workers Compensation Corporation.
- Police and Fire grant revenue was increased \$58,170 based on Homeland Security grants received in the form of equipment.
- Proceeds from issuance of debt was increased \$106,168 for the purchase of six new police cars through a capital lease arrangement with GMAC.
- All other revenue budget adjustments resulted in a net decrease of (\$27,225). The most significant decrease was royalty income of (\$27,865) due to the reworking of the Buckel No. 2 oil well by BP America.

Expenditures:

Total budgeted appropriations were increased by \$967,049. Of significance are amended budget appropriations increasing salaries by \$188,337 for additional fire, animal control and street personnel, increasing overtime \$133,225 for police grant overtime and overtime resulting from a reduced number of police officers available for work due to a number of officers being injured on the job, increasing overtime for street personnel for extra hours after work cleaning up the city and for animal control on-call duty after regular work hours plus increasing benefit costs by \$58,457. Increasing the amended budget appropriation for \$120,350 for financial assistance to the Parish Communication District. Increasing the amended budget appropriation for building improvements and maintenance by \$27,900. Increasing the amended budget appropriations for legal, professional and engineering fees by \$30,350 and sales tax collection fees by \$11,035. Increasing the amended budget appropriations by \$395,679 mainly for police and fire equipment obtained through Homeland Security grants, the capital lease of six new police cars and \$190,000 appropriation for a law enforcement record and management software system. All other expenditure increases and decreases resulted in a net amended budget appropriation increase of \$1,716.

Capital Asset and Debt Administration

Capital assets. The City of Denham Springs' investment in capital assets for its governmental and business type activities as of June 30, 2007, amounts to \$22,306,803 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, roads, highways, and drainage. The total increase in the City of Denham Springs' investment in capital assets for the current fiscal year was 4.27% (a .1 percent increase for governmental activities and a 6.0 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following business-type activities:

- Natural gas service extended to the Bass Pro and Juban Parc Developments \$85,154.
- Construction in progress of \$592,021 financed by a \$23,765,000 2006 Utility Revenue Bond issue for the construction of new sewer treatment facility, two water wells, a 1 million gallon water tower, the completion of a water loop outside the city limits, replacing old water lines, water mains and hydrants within the city and renovation and upgrade cost of the Cathryn Street Lift Station.
- Land donation value plus legal and filing fee cost of \$30,091 as a site for the new 1 million gallon water tower to be constructed.
- Continued natural gas line expansion south on Highway 16 at a cost of \$147,848.
- Waterwell rehabilitation costs and extensions of \$191,596.
- Purchase of 2006 Ford F250 Crew Cab truck in the amount of \$26,303 for the Sewer Department.
- Purchase of 2006 Ford F450 truck in the amount of \$37,200 for the Water Department.
- Purchase of 2006 Ford F150 Crew Cab truck in the amount of \$20,616 for the Water and Sewer Departments.
- Construction of 600 feet of six foot chain link fence in front of the City's oxidation pond including double gates and electronic gate opener and keypad at a cost of \$13,700.
- Purchases of numerous and various other equipment items at a cost of approximately \$175,000.
- Various sewer lift station renovations and improvements and expansion of Sewer System at a cost of \$273,811.

Capital Assets (Net of Accumulated Depreciation) June 30, 2007 and 2006

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 719,121	\$ 628,671	\$ 189,666	\$ 159,575	\$ 908,787	\$ 788,246
Buildings and Improvements	2,055,470	2,164,892	387,889	399,229	2,443,359	2,564,121
Gas System	-	-	1,478,098	1,409,750	1,478,098	1,409,750
Water System	-	-	2,818,031	2,802,935	2,818,031	2,802,935
Sewer System	-	-	9,885,437	9,897,798	9,885,437	9,897,798
Machinery and Equipment	1,358,106	1,168,087	491,788	335,785	1,849,894	1,503,872
Infrastructure	2,052,427	2,198,063	-	-	2,052,427	2,198,063
Construction in Progress	130,425	148,077	740,345	81,034	870,770	229,111
Total	\$ 6,315,549	\$ 6,307,790	\$ 15,991,254	\$ 15,086,106	\$ 22,306,803	\$ 21,393,896

Additional information on the City of Denham Springs' capital assets can be found in note 8 on pages 63-66 of this report.

Long-term debt. At the end of the current fiscal year, the City of Denham Springs had total debt outstanding of \$24,116,118. Of this amount, \$123,854 comprises debt backed by the full faith and credit of the City. The remainder of the debt \$23,992,264 is secured solely by utility service charges. There are no general obligation bonds outstanding by the City of Denham Springs at June 30, 2007.

City of Denham Springs
General Obligation and Revenue Bonds
June 30, 2007 and 2006

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Obligations Under						
Capital Leases \$	123,854	\$ 79,527	\$ -	\$ -	\$ 123,854	\$ 79,527
Revenue Bond	-	-	23,992,264	-	23,992,264	-
Total	<u>\$ 123,854</u>	<u>\$ 79,527</u>	<u>\$ 23,992,264</u>	<u>\$ -</u>	<u>\$ 24,116,118</u>	<u>\$ 79,527</u>

During the current fiscal year, the City of Denham Springs' total debt increased by \$24,036,591. This resulted from entering into a capital lease of \$106,168 to finance the purchase of six new police cars and through the issuance of \$23,765,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (City of Denham Springs Sewer Project) Series 2006 issued at a premium of \$227,264. Offsetting this are the regular capital lease payments made during the fiscal year of \$61,841.

Additional information on the City's long-term debt can be found in note 9 on pages 69-71.

Economic Factors and Next Year's Budgets and Rates

- The June 2007 unemployment rate for the City of Denham Springs was 4.3 percent, which is a decrease from a rate of 4.5 percent a year ago. This compares favorably to the state's average unemployment rate of 4.9 percent and compares favorably to the national average rate of 4.7 percent.
- The occupancy rate of the City's central business district has remained from 97-100 percent for the past several years.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Denham Springs' budget for the 2008 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$4,830,519. The City adopted a 2008 fiscal year budget appropriating expenditures of \$11,003,011 to exceed anticipated revenue of \$9,664,752 by (\$1,338,259). The City appropriated \$1,305,919 to purchase a new 100' aerial platform fire truck (ladder truck) and a new pumper fire truck plus the city appropriated \$126,606 to purchase seven new police cars. The fire vehicles and police vehicles are to be financed over 3-5 years through proceeds from the issuance of debt in the amount of \$1,432,525. Excluding the major vehicle purchases and vehicle financing, anticipated revenues exceeds appropriated expenditures plus transfers out to component units by \$6,166. The City continues to conservatively fund public services within the confines of its current revenue growth. The revenue growth ignores the impact of the Bass Pro Shop's opening in February 2008.

The City of Denham Springs' general fund received for the fiscal year 2006-2007 approximately 68% of its revenues or \$6,557,726 from the 1-½% general sales and use tax levied by the City of Denham Springs. Based on actual collections the City anticipates that its sales tax revenues for the budget year 2007-2008 to be approximately \$6,560,000. This is a conservative revenue estimate that does not consider the impact of the opening of an Office Depot, Petco, Stage clothing store, Raising Cane fast food chain, Hampton Inn and Bass Pro Shop.

Fiscal year 2008 appropriated expenditures including payments to component units increased 2,438,237 or 28.5% over actual expenditures for the current fiscal year. Of significance is the City's \$2,025,795 or 23.7% of the increase is due to the City's commitment to replacing outdated governmental software and communications system, the investment in fire and police protection, the investment in assets for a second building inspector, upgrade to the cemetery, and replacement and addition of maintenance equipment for the cemetery and streets departments. The City appropriated another \$121,165 or 1.4% toward repairs and renovations of city facilities. The remaining balance of \$291,277 or 3.4% is the net cost of adding new personnel, a 3% cost of living raise and net increase and decrease in various other expenditures.

This financial report is designed to provide a general overview of the City of Denham Springs' finances for all those with an interest in the government's finances. Questions concerning any of this information provided in this report or requests for additional information should be addressed to the City Treasurer, c/o City of Denham Springs, P.O. Box 1629, Denham Springs, Louisiana 70727-1629.

BASIC FINANCIAL STATEMENTS

CITY OF DENHAM SPRINGS

STATEMENT OF NET ASSETS

JUNE 30, 2007

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	City Court of Denham Springs - Ward II	Marshal of City Court of Denham Springs - Ward II	Denham Springs Economic Development District
ASSETS						
Cash and Cash Equivalents	\$ 752,126	\$ -	\$ 752,126	\$ 327,679	\$ 30,729	\$ 12
Investments	3,129,461	-	3,129,461	210,000	65,225	-
Receivables, Net	226,726	855,195	1,081,921	4,009	1,511	20,712
Due from Other Governments	2,498,277	-	2,498,277	-	4,189	77,233
Due from Component Unit	3,396	-	3,396	-	-	-
Internal Balances	792,696	(792,696)	-	-	-	-
Inventories	26,700	150,139	176,839	-	-	-
Prepaid Items	-	1,665	1,665	-	-	-
Restricted Assets:						
Cash	-	23,371,024	23,371,024	-	-	29,526,931
Investments	-	750,000	750,000	-	-	-
Receivable	-	82,185	82,185	-	-	119,409
Deferred Bond Issuance Costs	-	1,007,843	1,007,843	-	-	667,219
Capital Assets:						
Land and Construction in Progress	849,546	919,412	1,768,958	-	-	13,133,768
Other Capital Assets, Net of Depreciation	5,466,003	15,071,842	20,537,845	33,801	33,881	-
Total Assets	<u>\$ 13,744,931</u>	<u>\$ 41,416,609</u>	<u>\$ 55,161,540</u>	<u>\$ 575,489</u>	<u>\$ 135,535</u>	<u>\$ 43,545,284</u>
LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 1,414,674	\$ 1,453,822	\$ 2,868,496	\$ 1,837	\$ 13,846	\$ 3,330,545
Due to Primary Government	-	-	-	-	3,396	-
Non-Current Liabilities:						
Due Within One Year	180,900	477,177	658,077	5,923	-	-
Due in More Than One Year	380,974	23,600,555	23,981,529	-	-	41,268,200
Total Liabilities	<u>1,976,548</u>	<u>25,531,554</u>	<u>27,508,102</u>	<u>7,760</u>	<u>17,242</u>	<u>44,598,745</u>
NET ASSETS						
Investment in Capital Assets, Net of Related Debt	6,191,695	15,593,805	21,785,500	33,801	33,881	1,111,573
Restricted for:						
Cemetery Care	599,029	-	599,029	-	-	-
Unrestricted	4,977,659	291,250	5,268,909	533,928	84,412	(2,165,034)
Total Net Assets	<u>11,768,383</u>	<u>15,885,055</u>	<u>27,653,438</u>	<u>567,729</u>	<u>118,293</u>	<u>(1,053,461)</u>
Total Liabilities and Net Assets	<u>\$ 13,744,931</u>	<u>\$ 41,416,609</u>	<u>\$ 55,161,540</u>	<u>\$ 575,489</u>	<u>\$ 135,535</u>	<u>\$ 43,545,284</u>

The accompanying notes constitute an integral part of this statement.

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CITY OF DENHAM SPRINGS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 1,771,741	\$ -	\$ 5,810	\$ -
Public Safety	5,318,674	528,019	300,683	-
Highways and Streets	3,692,535	13,364	-	2,141,638
Health	86,423	-	-	-
Culture and Recreation	5,848	-	-	-
Interest on Long-Term Debt	5,518	-	-	-
Total Governmental Activities	10,880,739	541,383	306,493	2,141,638
Business-Type Activities:				
Gas	3,508,527	3,666,729	-	-
Water	1,292,457	1,568,829	-	26,000
Sewer	1,475,803	1,034,775	-	182,735
Sanitation	746,293	618,554	-	-
Total Business-Type Activities	7,023,080	6,888,887	-	208,735
Total Primary Government	<u>\$ 17,903,819</u>	<u>\$ 7,430,270</u>	<u>\$ 306,493</u>	<u>\$ 2,350,373</u>
Component Units:				
City Court of Denham Springs - Ward II	\$ 359,388	\$ 278,446	\$ 28,013	\$ -
Marshal of City Court of Denham Springs - Ward II	454,112	232,759	116,808	-
Denham Springs Economic Development District	-	-	-	-
Total Component Units	<u>\$ 813,500</u>	<u>\$ 511,205</u>	<u>\$ 144,821</u>	<u>\$ -</u>
General Revenues:				
Taxes:				
Property				
Sales				
Occupational and Permits				
Franchise				
Other Grants and Contributions not Restricted to Specific Programs				
Interest Income				
Payments from the City of Denham Springs				
Transfers				
		Total General Revenues and Transfers		
		Change in Net Assets		
Net Assets - Beginning of Year				
Net Assets - End of Year				

The accompanying notes constitute an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	City Court of Denham Springs - Ward II	Marshal of City Court of Denham Springs - Ward II	Denham Springs Economic Development District
\$ (1,765,931)	\$ -	\$ (1,765,931)	\$ -	\$ -	\$ -
(4,489,972)	-	(4,489,972)	-	-	-
(1,537,533)	-	(1,537,533)	-	-	-
(86,423)	-	(86,423)	-	-	-
(5,848)	-	(5,848)	-	-	-
(5,518)	-	(5,518)	-	-	-
(7,891,225)	-	(7,891,225)	-	-	-
-	158,202	158,202	-	-	-
-	302,372	302,372	-	-	-
-	(258,293)	(258,293)	-	-	-
-	(127,739)	(127,739)	-	-	-
-	74,542	74,542	-	-	-
(7,891,225)	74,542	(7,816,683)	-	-	-
-	-	-	(52,929)	-	-
-	-	-	-	(104,545)	-
-	-	-	-	-	(1,069,533)
-	-	-	(52,929)	(104,545)	(1,069,533)
181,812	-	181,812	-	-	-
6,557,726	-	6,557,726	-	-	84,384
917,389	-	917,389	-	-	-
798,040	-	798,040	-	-	-
187,406	31,914	219,320	2,632	640	-
200,730	58,318	259,048	32,594	2,305	442,413
-	-	-	46,860	52,343	-
(304,568)	304,568	-	-	-	-
8,538,535	394,800	8,933,335	82,086	55,288	526,797
647,310	469,342	1,116,652	29,157	(49,257)	(542,736)
11,121,073	15,415,713	26,536,786	538,572	167,550	(510,725)
\$ 11,768,383	\$ 15,885,055	\$ 27,653,438	\$ 567,729	\$ 118,293	\$ (1,053,461)

CITY OF DENHAM SPRINGS

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2007

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 526,710	\$ -	\$ 61,060	\$ 587,770
Investments, at Cost	2,344,461	200,000	585,000	3,129,461
Receivables:				
Ad Valorem Taxes, Net	1,695	-	-	1,695
Other	212,642	3,712	8,677	225,031
Due from Other Funds	1,084,330	-	-	1,084,330
Due from Other Governments	1,053,605	1,444,672	-	2,498,277
Due from Component Units	3,396	-	-	3,396
Total Assets	<u>\$ 5,226,839</u>	<u>\$ 1,648,384</u>	<u>\$ 654,737</u>	<u>\$ 7,529,960</u>
LIABILITIES				
Accounts Payable	\$ 196,464	\$ 987,444	\$ 886	\$ 1,184,794
Payroll Taxes Payable	40,691	-	-	40,691
Retirement and Group Insurance Payable	52,287	-	-	52,287
Accrued Salaries and Wages	89,934	-	-	89,934
Due to Other Funds	-	291,634	-	291,634
Other Liabilities	16,944	-	-	16,944
Total Liabilities	<u>396,320</u>	<u>1,279,078</u>	<u>886</u>	<u>1,676,284</u>
FUND BALANCES				
Fund Balance:				
Reserved for Cemetery Expenditures	-	-	599,029	599,029
Unreserved, Reported In				
General Fund	4,830,519	-	-	4,830,519
Capital Projects Fund	-	369,306	-	369,306
Debt Service Fund	-	-	3,241	3,241
Witness Fee Fund	-	-	51,581	51,581
Total Fund Balances	<u>4,830,519</u>	<u>369,306</u>	<u>653,851</u>	<u>5,853,676</u>
Total Liabilities and Fund Balances	<u>\$ 5,226,839</u>	<u>\$ 1,648,384</u>	<u>\$ 654,737</u>	<u>\$ 7,529,960</u>

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

JUNE 30, 2007

Fund Balances-Total Governmental Funds \$ 5,853,676

Amounts Reported for Governmental
Activities in the Statement of Net
Assets are Different Because:

Capital Assets Used in Governmental Activities
are not Financial Resources and are not
Reported in the Governmental Funds

Governmental Capital Assets	\$ 12,708,220	
Less Accumulated Depreciation	<u>(6,439,021)</u>	6,269,199

Long-Term Liabilities are not Due and
Payable in the Current Period and
Therefore are not Reported in the
Governmental Funds:

Compensated Absences Payable	(435,680)
Capital Lease Payable	(123,854)

The Motor Pool Internal Service Fund is Used by Management
to Charge the Cost of Vehicle Repairs to Individual
Funds. The Assets and Liabilities of the Internal
Service Fund are Included in Governmental
Activities in the Statement of Net Assets
Motor Pool Internal Service Fund Net Assets

205,042

Net Assets of Governmental Activities \$ 11,768,383

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 7,579,393	\$ -	\$ -	\$ 7,579,393
Licenses and Permits	917,389	-	-	917,389
Fines and Forfeits	372,193	-	-	372,193
Interest	155,497	9,719	32,065	197,281
Fees	130,999	-	23,169	154,168
Intergovernmental	338,825	2,141,638	-	2,480,463
Miscellaneous	115,889	-	12,300	128,189
Total Revenues	9,610,185	2,151,357	67,534	11,829,076
Expenditures:				
Current:				
General Government	1,753,556	-	23,156	1,776,712
Public Safety	5,424,584	-	-	5,424,584
Highways and Streets	1,227,004	-	-	1,227,004
Health	86,423	-	-	86,423
Culture and Recreation	5,848	-	-	5,848
Capital Outlay:				
General Government	-	45,750	-	45,750
Highways and Streets	-	2,239,966	-	2,239,966
Debt Service:				
Principal Retirement	61,841	-	-	61,841
Interest	5,518	-	-	5,518
Total Expenditures	8,564,774	2,285,716	23,156	10,873,646
Excess (Deficiency) of				
Revenues over Expenditures	1,045,411	(134,359)	44,378	955,430
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(304,568)	-	-	(304,568)
Proceeds from Issuance of Debt	106,168	-	-	106,168
Total Other Financing Sources (Uses)	(198,400)	-	-	(198,400)
Net Change in Fund Balances	847,011	(134,359)	44,378	757,030
Fund Balances at Beginning of Year	3,983,508	503,665	609,473	5,096,646
Fund Balances at End of Year	\$ 4,830,519	\$ 369,306	\$ 653,851	\$ 5,853,676

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

Net Change in Fund Balances - Total Governmental Funds \$ 757,030

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Governmental Funds Report Capital Outlays as Expenditures. However, in
the Statement of Activities, the Cost of Those Assets is Allocated Over
Their Estimated Useful Lives and Reported as Depreciation Expense.

Capital Outlay	658,173	
Depreciation Expense	<u>(588,510)</u>	69,663
Loss on Disposition of Capital Assets		(63,402)

The Issuance of Long-Term Debt (e.g., bonds, leases) Provides Current Financial
Resources to Governmental Funds, While the Repayment of the Principal of
Long-Term Debt Consumes the Current Financial Resources of the Governmental
Funds. Neither Transaction, However, has any Effect on Net Assets.

Proceeds from the Issuance of Capital Lease	(106,168)
Repayment of Principal on Long-Term Debt	61,841

Some Expenses Reported in the Statement of Activities do not Require the
use of Current Financial Resources and are not Reported as Expenditures
in Governmental Funds.

Increase in Compensated Absences Payable	(107,146)
--	-----------

Internal Service Funds are Used by Management to Charge the Costs of
Certain Activities to Individual Funds. The Net Revenue (Expense) of
the Internal Service Funds is Reported with Governmental Activities.

	<u>35,492</u>
Change in Net Assets of Governmental Activities	<u>\$ 647,310</u>

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 175,000	\$ 180,000	\$ 181,812	\$ 1,812
Alcoholic Beverage Tax	23,000	23,000	24,272	1,272
Cable TV Franchise Tax	136,686	150,919	150,919	-
Chain Store Tax	18,710	17,508	17,543	35
Electrical Franchise Taxes	638,500	655,000	644,851	(10,149)
Sales Taxes	5,820,000	6,400,000	6,557,726	157,726
Wrecker Franchise Tax	2,060	2,270	2,270	-
	<u>6,813,956</u>	<u>7,428,697</u>	<u>7,579,393</u>	<u>150,696</u>
Licenses and Permits:				
Occupational Licenses	682,000	755,000	748,270	(6,730)
Other Permits and Licenses	125,210	135,025	169,119	34,094
	<u>807,210</u>	<u>890,025</u>	<u>917,389</u>	<u>27,364</u>
Fines and Forfeits:				
Ward II Court	406,900	410,802	365,240	(45,562)
Forfeiture Funds	2,000	6,952	6,953	1
	<u>408,900</u>	<u>417,754</u>	<u>372,193</u>	<u>(45,561)</u>
Interest Income	45,000	170,000	155,497	(14,503)
Fees:				
Animal Adoption Fees	20,000	16,000	17,718	1,718
Background Check Fees	86,800	93,000	99,917	6,917
Road Maintenance Fees	13,364	13,364	13,364	-
	<u>120,164</u>	<u>122,364</u>	<u>130,999</u>	<u>8,635</u>

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental:				
Fire Insurance Commissions	29,645	35,871	32,332	(3,539)
Animal Control Grant	-	5,716	-	(5,716)
Fire Department Grants	500	39,545	44,545	5,000
Law Enforcement Grants	50,000	69,125	79,778	10,653
Main Street Grant	-	3,310	3,310	-
On Behalf Payments for Salaries	187,200	190,070	176,360	(13,710)
Other Grant Revenue	10,000	-	2,500	2,500
	<u>277,345</u>	<u>343,637</u>	<u>338,825</u>	<u>(4,812)</u>
Miscellaneous:				
Insurance Premium Rebate	-	31,791	31,791	-
Royalties	60,000	32,135	43,844	11,709
Wreck Reports	10,500	14,000	15,022	1,022
Rent Income	310	320	320	-
Miscellaneous	27,100	18,472	24,912	6,440
	<u>97,910</u>	<u>96,718</u>	<u>115,889</u>	<u>19,171</u>
Total Revenues	<u>8,570,485</u>	<u>9,469,195</u>	<u>9,610,185</u>	<u>140,990</u>

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Expenditures				
General Government:				
General Provisions:				
Salaries	327,998	327,998	320,302	7,696
Aldermen's Per Diem	48,000	48,000	45,200	2,800
Payroll Taxes, Retirement, and Group Insurance	99,603	99,603	91,527	8,076
Chamber of Commerce	10,000	10,000	10,000	-
Equipment Purchased	8,442	18,000	19,811	(1,811)
Insurance	39,000	39,000	33,450	5,550
Land Purchase	-	-	90,450	(90,450)
Legal and Professional	74,600	74,600	59,102	15,498
Membership Fees and Educational Training	15,000	15,000	12,970	2,030
Miscellaneous	72,891	82,491	45,071	37,420
Printing, Postage and Office Supplies	41,000	48,500	57,116	(8,616)
Rental Equipment	6,500	6,500	5,030	1,470
Repairs and Maintenance	56,500	60,500	51,844	8,656
Small Tools and Supplies	4,500	8,500	9,763	(1,263)
Telephone	40,000	40,000	32,734	7,266
Travel	15,500	17,800	18,485	(685)
Utilities	44,000	44,000	41,812	2,188
Total General Provisions	903,534	940,492	944,667	(4,175)
Cemetery:				
Salaries	69,265	71,307	70,045	1,262
Payroll Taxes, Retirement, and Group Insurance	20,250	20,320	19,928	392
Insurance	6,000	6,000	5,193	807
Legal and Professional	425	425	635	(210)
Miscellaneous	4,310	4,460	4,182	278

(CONTINUED)

CITY OF DENHAM SPRINGS
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
General Government (Continued):				
Cemetery (Continued):				
Repairs and Maintenance	4,800	9,600	9,819	(219)
Small Tools	800	800	924	(124)
Total Cemetery	105,850	112,912	110,726	2,186
Tax:				
Salaries	56,644	51,555	50,466	1,089
Payroll Taxes, Retirement, and Group Insurance	14,796	12,481	12,476	5
Collection Fees	103,440	114,475	114,637	(162)
Equipment Expense	500	500	512	(12)
Insurance	1,850	1,850	1,815	35
Legal and Professional	850	14,500	22,646	(8,146)
Miscellaneous	2,650	3,000	1,410	1,590
Printing, Postage and and Office Supplies	4,950	4,950	2,843	2,107
Small Tools and Supplies	1,000	1,000	254	746
Tax Roll	5,125	5,105	5,105	-
Total Tax	191,805	209,416	212,164	(2,748)
Ward Court:				
Salaries	51,550	51,550	51,550	-
Payroll Taxes, Retirement, and Group Insurance	20,966	20,734	18,098	2,636
Additional Court Costs	22,200	22,200	4,415	17,785
Building Maintenance	5,500	6,500	7,820	(1,320)
Insurance	1,152	1,152	477	675
Legal and Professional	8,465	8,465	8,461	4
Payments to Component Units	88,100	88,100	99,203	(11,103)
Utilities	24,790	22,900	1,299	21,601
Total Ward Court	222,723	221,601	191,323	30,278

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
General Government (Continued):				
Planning and Zoning:				
Salaries	105,814	108,160	106,233	1,927
Payroll Taxes, Retirement, and Group Insurance	32,494	32,494	30,502	1,992
Demolition Expense	20,000	25,000	27,532	(2,532)
Equipment Purchased	-	1,500	6,759	(5,259)
Insurance	6,000	6,000	5,681	319
Legal and Professional	59,000	48,500	49,303	(803)
Miscellaneous	5,850	7,100	7,953	(853)
Printing, Postage and Office Supplies	3,500	3,500	3,889	(389)
Repairs and Maintenance	750	810	3,358	(2,548)
Small Tools and Supplies	1,750	1,250	987	263
Vehicle Expense	2,500	3,000	2,055	945
Total Planning and Zoning	237,658	237,314	244,252	(6,938)
Landscaping:				
Contracted Services	50,000	50,000	50,424	(424)
Total Landscaping	50,000	50,000	50,424	(424)
Total General Government	1,711,570	1,771,735	1,753,556	18,179

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Public Safety:				
Animal Control:				
Salaries	67,000	107,500	109,635	(2,135)
Payroll Taxes, Retirement, and Group Insurance	18,647	24,144	24,412	(268)
Animal Care Expense	17,500	50,000	61,557	(11,557)
Equipment Expense	2,500	2,500	2,428	72
Equipment Purchased	-	-	250	(250)
Insurance	4,500	4,200	6,352	(2,152)
Miscellaneous	9,287	24,587	27,885	(3,298)
Small Tools and Supplies	2,000	3,000	2,978	22
Telephone	2,000	2,000	2,053	(53)
Utilities	13,200	12,800	11,922	878
Total Animal Control	136,634	230,731	249,472	(18,741)
Fire:				
Salaries	1,078,437	1,182,410	1,113,825	68,585
Payroll Taxes, Retirement, and Group Insurance	310,895	324,037	314,167	9,870
Legal and Professional	16,000	30,200	33,248	(3,048)
Equipment Purchased	168,000	112,291	110,619	1,672
Equipment Expense	42,000	45,000	58,289	(13,289)
Insurance	135,500	130,000	120,302	9,698
Intergovernmental Transfer	-	15,360	15,360	-
Membership Fees and Educational Training	22,500	22,500	22,607	(107)
Miscellaneous	4,920	5,754	4,220	1,534
Printing, Postage and Office Supplies	4,100	8,300	6,790	1,510
Repairs and Maintenance	17,000	30,350	30,693	(343)
Small Tools and Supplies	44,700	45,100	54,370	(9,270)
Telephone	19,690	23,000	22,827	173
Uniforms	7,500	14,000	12,774	1,226
Utilities	31,300	31,300	25,136	6,164
Total Fire	1,902,542	2,019,602	1,945,227	74,375

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public Safety (Continued):				
Police:				
Salaries	1,620,314	1,731,509	1,704,747	26,762
Payroll Taxes, Retirement, and Group Insurance	476,343	491,624	490,999	625
Equipment Purchased	115,600	405,793	289,605	116,188
Equipment Expense	125,250	144,035	184,258	(40,223)
Equipment Rental	4,500	4,500	4,477	23
Insurance	135,000	135,000	144,650	(9,650)
Intergovernmental Transfer	-	105,000	105,000	-
Jail Expense	2,000	2,300	3,063	(763)
Membership Fees and Educational Training	15,000	15,000	14,232	768
Miscellaneous	24,600	26,600	20,073	6,527
Printing, Postage and Office Supplies	15,150	15,250	16,229	(979)
Professional Fees	21,500	23,000	30,190	(7,190)
Repairs and Maintenance	32,500	33,500	35,740	(2,240)
Small Tools and Supplies	23,000	23,000	18,887	4,113
Telephone	39,000	39,000	38,292	708
Uniforms	24,500	24,500	22,483	2,017
Utilities	71,675	61,300	56,056	5,244
Total Police	2,745,932	3,280,911	3,178,981	101,930
Litter Control:				
Salaries	31,520	31,520	30,623	897
Payroll Taxes, Retirement, and Group Insurance	10,225	10,075	9,485	590
Insurance	1,900	1,900	1,537	363
Miscellaneous	1,200	1,350	526	824
Equipment Expense	1,000	5,500	7,962	(2,462)
Telephone	2,800	2,800	771	2,029
Total Litter Control	48,645	53,145	50,904	2,241
Total Public Safety	4,833,753	5,584,389	5,424,584	159,805

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Highway and Streets:				
Streets:				
Salaries	413,965	489,430	485,052	4,378
Payroll Taxes, Retirement, and Group Insurance	130,031	148,175	147,036	1,139
Equipment Purchased	60,000	75,300	94,929	(19,629)
Equipment Expense	113,800	118,300	132,879	(14,579)
Equipment Rental	10,000	10,000	6,525	3,475
Insurance	67,600	67,600	57,857	9,743
Uniforms	7,500	7,500	9,344	(1,844)
Legal and Professional	700	700	17,398	(16,698)
Streets Maintenance and Materials	151,100	162,600	122,215	40,385
Membership Fees and Educational Training	1,000	1,000	565	435
Miscellaneous	16,250	16,250	9,424	6,826
Small Tools and Supplies	8,000	8,000	8,154	(154)
Telephone	5,500	5,500	7,396	(1,896)
Utilities	16,719	12,270	10,759	1,511
Total Streets	1,002,165	1,122,625	1,109,533	13,092
Lighting:				
Utilities	124,000	124,000	117,471	6,529
Total Lighting	124,000	124,000	117,471	6,529
Total Highways and Streets	1,126,165	1,246,625	1,227,004	19,621

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Health:				
Council on Aging	48,415	45,251	46,625	(1,374)
Denham Spring Housing Authority	11,983	12,098	12,098	-
Denham Springs Farmers Market	-	-	95	(95)
Pest Control	15,000	15,000	9,883	5,117
West Livingston Park	1,800	1,800	-	1,800
Youth and Family Counseling	17,800	17,800	17,722	78
Total Health	94,998	91,949	86,423	5,526
Culture and Recreation:				
Committee Expenses	2,000	700	16	684
Insurance	-	-	69	(69)
Membership Fees and Educational Training	1,000	2,000	1,757	243
Repairs and Maintenance	-	200	160	40
Printing, Postage and Office Supplies	2,900	3,000	2,356	644
Telephone	1,200	1,200	1,155	45
Travel	2,000	2,000	335	1,665
Total Culture and Recreation	9,100	9,100	5,848	3,252
Debt Service:				
Principal Retirement	40,000	78,837	61,841	16,996
Interest	-	-	5,518	(5,518)
Total Debt Service	40,000	78,837	67,359	11,478
Total Expenditures	7,815,586	8,782,635	8,564,774	217,861

(CONTINUED)

CITY OF DENHAM SPRINGS
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	754,899	686,560	1,045,411	358,851
Other Financing Sources (Uses):				
Operating Transfers Out	(304,568)	(304,568)	(304,568)	-
Proceeds from Issuance of Debt	-	106,168	106,168	-
Total Other Financing Sources (Uses)	<u>(304,568)</u>	<u>(198,400)</u>	<u>(198,400)</u>	<u>-</u>
Net Change in Fund Balances	450,331	488,160	847,011	358,851
Fund Balance at Beginning of Year	<u>3,983,508</u>	<u>3,983,508</u>	<u>3,983,508</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 4,433,839</u>	<u>\$ 4,471,668</u>	<u>\$ 4,830,519</u>	<u>\$ 358,851</u>

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS**

JUNE 30, 2007

	Business-Type Activities - Utility Enterprise Fund	Governmental Activities - Motor Pool Internal Service Fund
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ 164,356
Restricted Assets:		
Certificate of Deposit - Customer Deposit Account (Maturity Greater Than 90 Days)	750,000	-
Revenue Bond Covenant Accounts	351,541	-
Revenue Bond Construction Account	23,019,483	-
Accrued Interest Receivable	82,185	-
	<u>24,203,209</u>	<u>-</u>
Receivables:		
Accounts (Net of Allowance for Uncollectible Accounts of \$71,000)	363,206	-
Other	137,181	-
Unbilled Utility Sales	354,808	-
	<u>855,195</u>	<u>-</u>
Inventory, at Cost	150,139	26,700
Prepaid Expenses	<u>1,665</u>	<u>-</u>
Total Current Assets	25,210,208	191,056
Noncurrent Assets:		
Deferred Bond Issuance Costs	1,007,843	-
Capital Assets, at Cost (Net of Accumulated Depreciation)	15,991,254	46,350
Total Noncurrent Assets	<u>16,999,097</u>	<u>46,350</u>
Total Assets	<u>\$ 42,209,305</u>	<u>\$ 237,406</u>

The accompanying notes constitute an integral part of this statement.

	Business-Type Activities - Utility <u>Enterprise Fund</u>	Governmental Activities - Motor Pool Internal <u>Service Fund</u>
Current Liabilities (Payable from Current Assets):		
Accounts Payable	\$ 551,124	\$ 29,692
Accrued Salaries and Wages	30,105	-
Accumulated Unpaid Vacation	20,874	585
Customers' Deposits	736,208	-
Environmental Assessment Liabilities - Current Portion	1,970	-
Bonds Payable - 2006 Series - Current Portion	454,333	-
Other Current Liabilities	50,727	332
Due To Other Funds	792,696	-
Accrued Bond Interest	<u>85,658</u>	<u>-</u>
 Total Current Liabilities	 2,723,695	 30,609
 Noncurrent Liabilities:		
Accumulated Unpaid Vacation	62,624	1,755
Bonds Payable (Net of Unamortized Bond Premium)	<u>23,537,931</u>	<u>-</u>
Total Noncurrent Liabilities	<u>23,600,555</u>	<u>1,755</u>
 Total Liabilities	 26,324,250	 32,364
 Net Assets:		
Invested in Capital Assets, Net of Related Debt	15,593,805	46,350
Unrestricted	<u>291,250</u>	<u>158,692</u>
 Total Net Assets	 <u>15,885,055</u>	 <u>205,042</u>
 Total Liabilities and Net Assets	 <u><u>\$ 42,209,305</u></u>	 <u><u>\$ 237,406</u></u>

CITY OF DENHAM SPRINGS
 PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities - Utility <u>Enterprise Fund</u>	Governmental Activities - Motor Pool Internal <u>Service Fund</u>
Operating Revenues:		
Charges for Services	\$ 6,888,887	\$ 572,402
Total Operating Revenues	6,888,887	572,402
Operating Expenses:		
Personal Services and Benefits	1,734,076	64,989
Contractual Services	934,175	-
Cost of Materials	2,210,818	442,383
Utilities	387,461	3,661
Repair and Maintenance	677,348	10,500
Supplies	264,177	5,009
Insurance	102,498	7,100
Depreciation	670,033	6,809
Bad Debts	42,494	-
Total Operating Expenses	7,023,080	540,451
Operating Income (Loss)	(134,193)	31,951
Nonoperating Revenues:		
Interest	58,318	3,449
Miscellaneous	31,914	92
Total Nonoperating Revenues	90,232	3,541
Income (Loss) Before Contributions	(43,961)	35,492
Capital Contributions	208,735	-
Transfer from General Fund	304,568	-
Change in Net Assets	469,342	35,492
Total Net Assets at Beginning of Year	15,415,713	169,550
Total Net Assets at End of Year	\$ 15,885,055	\$ 205,042

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities - Utility Enterprise Fund	Governmental Activities - Motor Pool Internal Service Fund
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 6,681,454	\$ 572,402
Cash Payments to Suppliers for Goods and Services	(4,129,639)	(472,417)
Cash Payments to Employees for Services and Benefits	(1,706,950)	(66,102)
Other Receipts (Payments)	545,056	92
Net Cash Provided by (Used in) Operating Activities	1,389,921	33,975
Cash Flows From Noncapital and Related Financing Activities:		
Transfer From General Fund	304,568	-
Net Cash Provided by Noncapital and Related Financing Activities	304,568	-
Cash Flows From Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(1,564,583)	(9,315)
Interest Income Received on Bond Proceeds Capitalized	469,703	-
Interest Expense Paid that was Capitalized	(476,828)	-
Proceeds from Sales of Capital Assets	-	1,008
Proceeds from Issuance of Debt	22,984,421	-
Net Receipts from Customer Deposits	58,036	-
Capital Contributions	208,735	-
Net Cash Used in Capital and Related Financing Activities	21,679,484	(8,307)
Cash Flows From Investing Activities:		
Purchase of Investments	(60,000)	-
Interest Income Received	57,051	3,449
Net Cash Provided by Investing Activities	(2,949)	3,449
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 23,371,024	29,117
Cash and Cash Equivalents - Beginning of Year	-	135,239
Cash and Cash Equivalents - End of Year	\$ 23,371,024	\$ 164,356
Schedule of Noncash Investing, Capital and Financing Activities:		
Amortization of Deferred Bond Expense	\$ -	\$ -

(CONTINUED)

CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities - Utility <u>Enterprise Fund</u>	Governmental Activities - Motor Pool Internal <u>Service Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by (Used in) Operating Activities:		
Operating Income (Loss)	\$ (134,193)	\$ 31,951
Adjustments to Reconcile Operating Income (Loss)		
to Net Cash Provided by (Used In) Operating Activities:		
Depreciation	670,033	6,809
Provision for Bad Debts	42,494	-
Miscellaneous Revenues	31,914	92
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(106,105)	-
(Increase) Decrease in Grant Receivable	27,869	-
(Increase) Decrease in Other Receivables	(118,325)	-
(Increase) Decrease in Unbilled Utility Sales	16,997	-
(Increase) Decrease in Inventory	124,343	(6,503)
(Increase) Decrease in Prepaid Expenses	159,178	-
Increase (Decrease) in Accounts Payable	196,143	3,630
Increase (Decrease) in Accrued Salaries and Wages	6,318	-
Increase (Decrease) in Other Current Liabilities	40,679	(891)
Increase (Decrease) in Due To Other Funds	485,273	-
Increase (Decrease) in Environmental Assessment Liabilities	(73,505)	-
Increase (Decrease) in Accumulated Unpaid Vacation	20,808	(1,113)
Net Cash Provided by (Used in) Operating Activities	\$ 1,389,921	\$ 33,975

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(1) Summary of Significant Accounting Policies -

A. Financial Reporting Entity

The City of Denham Springs "the City" was incorporated May 8, 1903, under the provisions of R.S. 33:321-48. The City operates under a Mayor - City Council form of government and provides the following services as authorized by its charter: public safety (police, animal control, and fire), highways and streets, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Denham Springs, Louisiana, and its component units, entities for which the City of Denham Springs is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Each discretely presented component unit has a June 30, 2007 year end.

The financial reporting entity consists of (1) the primary government (all funds under the auspices of the Mayor and the City Council), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity, established criteria for determining which component units should be considered part of the City of Denham Springs for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- I. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the City to impose its will on that organization and/or

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
- 2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Denham Springs (the primary government) and its component units. The component units included in the accompanying financial statements are discretely presented.

BLENDED COMPONENT UNITS

There are no component units that have been determined by management to be reported as part of the primary government (blended) in the government-wide financial statements of the City of Denham Springs.

DISCRETELY PRESENTED COMPONENT UNITS

Component units that are legally separate from the City but are financially accountable to the City, or whose relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete are discretely presented. The component units column of the government-wide financial statements include the financial data of these discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the City.

Funding for the following state constitutionally defined agencies is included in the City's general fund. These officials however, have certain statutorily defined sources of funds for their own operating and/or capital budget discretion. These funds have been discretely presented in the City's government-wide financial statements:

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

City Court of Denham Springs - Ward II - The Judge of the Court is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the City Court in that the City is required to provide the City Court office facilities and the City pays a portion of the Judge's compensation, and reimburses the Court for certain other salaries and benefits. Even though City Court Officials prepare and approve their own budget, they occasionally may find it necessary to cover any revenue shortfalls by requesting additional financial support from the City. The City is under no legal obligation to honor such requests but has always done so. The City's government-wide financial statements discretely presents the City Court of Denham Springs - Ward II's financial statements for the year ended June 30, 2007.

Marshal of City Court of Denham Springs - Ward II - The Marshal is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the Marshal in that the City is required to provide the Marshal's office facilities, and reimburses the Marshal's office for certain other salaries and benefits. Even though Officials of the Marshal of City Court prepare and approve their own budget, they occasionally may find it necessary to cover any revenue shortfalls by requesting additional financial support from the City. The City is under no legal obligation to honor such requests but has always done so. The City's government-wide financial statements discretely presents the Marshal's financial statements for the year ended June 30, 2007.

In addition to the state constitutionally defined agencies included above, the City created the Denham Springs Economic Development District which created a Louisiana nonprofit corporation, the Denham Springs Economic Development Corporation, to assist the City in the creation of economic development, to improve employment and to otherwise improve the economic condition of the City of Denham Springs and surrounding areas.

Denham Springs Economic Development District - The Denham Springs Economic Development District ("the District") was created by an ordinance of the City Council of the City of Denham Springs on December 9, 2003, pursuant to the Louisiana Cooperative Economic Development Law. A board of five members is provided by law. The District encompasses approximately 75 acres within the City of Denham Springs.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

The purpose of the District is to secure Sales Tax Increment Revenue bonds to be issued to provide funds for the construction of infrastructure improvements and acquiring, constructing and equipping the Bass Pro retail outlet and restaurant and ancillary items within the District. The District issued Sales Tax Increment Revenue Bonds Series 2007 A, B, and C dated March 1, 2007 in the total amount of \$41,540,000 for the purchase of 24 acres within the 75 acre District and for the construction of the "Bass Pro Shops" project and infrastructure. The bonds will be repaid from sales tax revenues generated by developments within the District. Collateral for the bonds is limited to the prospective developments and the City of Denham Springs has no liability for these bonds or for the debt service of these bonds.

Because of the required cooperation from each of and the sales tax revenues to be given up by each of the following governmental entities,

City of Denham Springs
Livingston Parish School Board
Livingston Parish Council
Livingston Parish Sheriff
Livingston Parish Gravity Drainage District #1
State of Louisiana

the District created the Denham Springs Economic Development Corporation on February 14, 2004. The Corporation's Board is composed of five members recommended by the City of Denham Springs, two members recommended by the Livingston Parish School Board, one member recommended by the Livingston Parish Council, and one member recommended by the Livingston Parish Sheriff for a total of nine members. The corporation is a private nonprofit corporation created pursuant to the Louisiana Nonprofit Corporation Law (Chapter 2 of Title 12 of the Louisiana Revised Statutes) and has been assigned the responsibilities to oversee, supervise and approve the construction of infrastructure improvements and acquiring, constructing, and equipping the Bass Pro retail outlet and restaurant and ancillary items. Ownership of the 24 acres, facilities and infrastructure remains with the District. There was no financial activity within this corporation prior to March of 2007.

The Denham Springs Economic Development Corporation has been included in the financial statements of the Denham Springs Economic Development District as a blended component unit, and the Denham Springs Economic Development District has been included in the City's government-wide financial statements as a discretely presented component unit for the year ended June 30, 2007.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

RELATED ORGANIZATIONS

City officials are also responsible for appointing members of the board of another organization. The City's accountability does not extend beyond making the appointments.

Denham Springs Housing Authority - The Denham Springs Housing Authority is a legally separate government entity formed to administer housing programs funded by the U.S. Department of Housing and Urban Development (HUD). The City governing authority appoints a majority of the Authority's members; however, there is no financial relationship between the Authority and the primary government.

The Denham Springs Parks and Recreation District #3 of Livingston Parish is a related organization of the City, however the City officials have no responsibility for the District. The District does however include the geographic area of the City.

Denham Springs Parks and Recreation District (PARD) - PARD is a legally separate parish agency that provides parks and recreational services to the residents of Livingston Parish District #3. District #3 includes the geographic area within the City of Denham Springs.

PARD sets its own ad valorem tax, can incur debt and owns property. The City has no budget approval, management designation or commission member removal powers. PARD finances capital and operating budgets directly from the parish constituents within District #3, and has no financial benefit/burden relationship with the City of Denham Springs.

The following agency is a non-profit corporation established pursuant to State Statutes to finance debt for various public purposes within Livingston Parish. The City Council appoints the board members of the agency. The agency is fiscally independent from the City, issues its own debt, approves its budgets, and sets its rates and charges. The primary government has no authority to remove board members, designate management, or approve or modify rates. The City is not obligated in any manner for the debt issues of this agency.

Denham Springs/Livingston Housing and Mortgage Finance Authority

Complete financial statements for each of the City of Denham Springs component units and related organizations can be obtained at the Office of the Legislative Auditor of the State of Louisiana, 1600 North Third Street, P.O. Box 94397, Baton Rouge, LA 70804-9397, or at each of the agencies administrative offices.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The capital projects fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

The City reports the following major proprietary fund:

The utility enterprise fund accounts for the provision of gas, water, sewer and sanitation services to the residents of the City of Denham Springs and some residents of the parishes of Livingston and East Baton Rouge. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections.

Additionally, the City reports the following fund types:

The special revenue fund accounts for specific revenues that are legally restricted to expenditure for a particular purpose.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

The internal service fund accounts for services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

The debt service fund accounts for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. There are no debt service major funds.

The permanent fund accounts for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's program.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility fund and of the City's internal service

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments -

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments, with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments (certificates of deposit with original maturities greater than 90 days) are stated at cost.

Deposit and Investment policies of the component units are similar to those of the primary government except that the restricted cash and investments of the Denham Springs Economic Development District have been placed in trust and are to be invested in accordance with the bond indenture to which these funds were derived.

2. Receivables and Payables -

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. At June 30, 2007, there were no advances between funds.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to three percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at June 30, 2007.

Property taxes are levied in September or October each year on property values assessed as of the same date. Billed taxes become delinquent on January 1 of the following year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. Inventories and Prepaid Items -

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets -

Primary Government -

Certain proceeds of the City's Enterprise Fund 2006 Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond debt service" accounts are used to segregate resources accumulated for debt service payments over the next twelve months.

Certain proceeds and resources of the City's Utility Enterprise Fund are set aside to reimburse customers their utility deposits upon discontinuance of service.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

Restricted assets at June 30, 2007 include certificates of deposits with maturities greater than 90 days when purchased designated for utility deposits.

Component Unit -

Certain proceeds of the Denham Springs Economic Development District revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts within a trust and their use is limited by applicable bond covenants. The "revenue bond construction" accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond debt service" accounts are used to segregate resources accumulated for debt service payments over the next twelve months.

5. Capital Assets -

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 20
Building Improvements	10 - 20
Public Domain Infrastructure	50
System Infrastructure	20 - 50
Equipment	3 - 10

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

6. **Compensated Absences -**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. **Long-Term Obligations -**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. **Fund Equity -**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. **Post-Employment Health Care Benefits -**

Retiree Benefits -

In addition to the pension benefits described in Note 11, the City provides postretirement healthcare benefits to all employees who retire from the City, as per the requirements of a local ordinance. The group insurance is paid by the City and reimbursed by the retired employee. There is no associated cost to the City under this program, and there are only nine (9) participants in the program as of June 30, 2007.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

COBRA Benefits -

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are paid by the City and reimbursed by the insured. This program is offered for a duration of eighteen (18) months after the termination date. There is no associated cost to the City under this program, and at June 30, 2007, there is only one (1) participant in the program.

10. Use of Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

11. Current Accounting Pronouncements -

In June 2004, the Government Accounting Standards Board issued GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postretirement Benefits and Other Than Pensions." This Statement's objective is to establish uniform standards of financial reporting by state and local government entities for other postemployment benefits (OPEB) including post-employment healthcare benefits. This Statement provides standards for measurement, recognition, and display of the OPEB expenses and related liabilities, note disclosures, and required supplementary information. This Statement will be required to be adopted by the City for the fiscal year ending June 30, 2009. Based on current City policy, management believes the implementation of GASB 45 will not have a material effect on the City of Denham Springs financial statements.

(2) Stewardship, Compliance and Accountability -

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Debt Service Fund and the Cemetery Care Permanent Fund which are not budgeted. All annual appropriations lapse at fiscal year end.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Treasurer prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.

Activities of the General Fund, the Capital Project Fund, and the Special Revenue Fund are included in the annual appropriated budget. The City is not required to prepare and does not prepare an annual appropriated budget for its Debt Service Fund, Enterprise Fund, Internal Service Fund or Cemetery Care Permanent Fund.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. Any increase in departmental budgets must be approved by the City Council.

Budgeted amounts are as originally adopted, or as amended from time to time by the City Council. For the fiscal year ended June 30, 2007, the City Council approved the increase in the original expenditures and Transfers Out of the General Fund from \$8,120,154 to \$9,087,203.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

The total General Fund increase amounted to \$967,049. The General Fund budget as amended was increased by \$330,000 for salary increases due to cost of living, increased \$49,500 for payroll taxes, retirement and health insurance, increased \$120,000 for intergovernmental transfer to support the operations of the parish communications district, increased \$261,000 for equipment purchases, increased \$32,500 for animal care expenses, increased \$31,000 for equipment expenses, and increased by \$39,000 for principal debt retirement. These areas were the major budget increases.

Budgetary data for the discretely presented component units are not presented in these financial statements.

(3) Deposits and Investments -

The City has established a consolidated bank account with a local bank into which monies are deposited and from which all disbursements are now being made. The purpose of the consolidation account is to reduce administrative charges and provide a single cash balance available for the maximization of investment earnings. Each fund shares in the investment earnings of the consolidated account according to its average cash balance. Cash is transferred from those funds with available cash resources to cover any negative cash balances, if any, in other funds at year-end.

The City also invests all excess funds in certificates of deposits, which have maturity dates greater than 90 days when purchased, and are therefore classified as investments for financial reporting.

The discretely presented component units maintain deposit accounts and investments in certificates of deposits similar to the Primary Government.

A. Primary Government

As reflected in Exhibit A-1, the City of Denham Springs, Louisiana has cash totaling \$24,123,150 and investments totaling \$3,879,461. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. These pledged securities are held by and are in the name of the fiscal agent bank but pledged to the City. The following is a summary of cash and investments at June 30, 2007.

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

	<u>Government Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet:			
Cash and Cash Equivalents	\$ 752,126	\$23,371,024	\$24,123,150
Certificates of Deposit	<u>3,129,461</u>	<u>750,000</u>	<u>3,879,461</u>
	<u>\$3,881,587</u>	<u>\$24,121,024</u>	<u>\$28,002,611</u>

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2007, \$5,634,199 of the City's bank balance of \$28,700,274 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

B. Deposits - Discretely Presented Component Units

The discretely presented component units are required to invest funds within the same state statutes as the primary government. Component unit deposits (including demand deposit accounts and all certificates of deposits) at June 30, 2007, are summarized below.

	<u>City Court of Denham Springs - Ward II</u>	<u>Marshall of City Court of Denham Springs - Ward II</u>	<u>Denham Springs Economic Development District</u>
Deposits in Bank Accounts Per Balance Sheet:			
Cash and Cash Equivalents	\$327,679	\$ 30,729	\$29,526,943
Certificates of Deposits	<u>210,000</u>	<u>65,225</u>	<u>-</u>
	537,679	95,954	29,526,943
Fiduciary Amounts - Not Included in Statement of Net Assets	<u>232,706</u>	<u>-</u>	<u>-</u>
	<u>\$770,385</u>	<u>\$ 95,954</u>	<u>\$29,526,943</u>

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the component units' deposits may not be returned to them. As of June 30, 2007, \$385,672 of the component units' bank balances of \$30,454,430 were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the component unit that the fiscal agent has failed to pay deposited funds upon demand.

(4) Ad Valorem Taxes -

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City's property taxes are now billed and collected by the Livingston Parish Tax Collector from information on assessed values received from the Livingston Parish Assessor's Office. The Tax Collector remits collections monthly to the City.

For the year ended June 30, 2007, taxes of 2.84 mills were levied on property with assessed valuations totaling \$64,885,680 and were dedicated to general purposes.

Total taxes levied were \$184,470. Taxes receivable at June 30, 2007, consisted of the following:

Taxes Receivable - Current Roll	\$ 3,540
Taxes Receivable - Prior Years	<u>11,646</u>
	15,186
Allowance for Uncollectible Taxes	<u>(13,491)</u>
	<u>\$ 1,695</u>

(5) Receivables -

Receivables as of June 30, 2007, including the applicable allowances for uncollectible accounts, are as follows:

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

	<u>Interest</u>	<u>Ad Valorem Taxes</u>	<u>Royalties</u>	<u>Franchise Taxes</u>	<u>Accounts</u>	<u>Unbilled Sales</u>	<u>Less: Allowance for Uncollectibles</u>	<u>Total - Net Receivable</u>
<u>Governmental Activities:</u>								
General Fund	\$ 23,258	\$15,186	\$ 6,074	\$146,914	\$ 36,396	\$ -	\$(13,491)	\$ 214,337
Nonmajor Governmental Funds	<u>12,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>12,389</u>
Total Governmental Activities	35,447	15,186	6,074	146,914	36,596	-	(13,491)	226,726
<u>Business Type-Activities:</u>								
Utility Fund	9,427	-	-	-	561,960	354,808	(71,000)	855,195
<u>Component Units:</u>								
City Court of Denham Springs - Ward II	3,364	-	-	-	645	-	-	4,009
Marshall of City Court of Denham Springs - Ward II	532	-	-	-	979	-	-	1,511
Denham Springs Economic Development District	<u>119,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,712</u>	<u>-</u>	<u>-</u>	<u>140,121</u>
Total Component Units	<u>123,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,336</u>	<u>-</u>	<u>-</u>	<u>145,641</u>
	<u>\$168,179</u>	<u>\$15,186</u>	<u>\$ 6,074</u>	<u>\$146,914</u>	<u>\$620,892</u>	<u>\$354,808</u>	<u>\$ (84,491)</u>	<u>\$1,227,562</u>

(6) Due From Other Governments -

Due from Other Governments as of June 30, 2007, consists of the following:

	<u>Livingston Parish School Board</u>	<u>State of Louisiana</u>	<u>Livingston Parish</u>	<u>Other</u>	<u>Total</u>
<u>Governmental Activities:</u>					
General Fund	\$1,005,466	\$ 15,807	\$ 32,332	\$ -	\$1,053,605
Nonmajor Governmental Funds	<u>-</u>	<u>1,444,672</u>	<u>-</u>	<u>-</u>	<u>1,444,672</u>
Total Governmental Activities	1,005,466	1,460,479	32,332	-	2,498,277
<u>Business Type-Activities:</u>					
Utility Fund	-	-	-	-	-
<u>Component Units:</u>					
City Court of Denham Springs - Ward II	-	-	-	-	-
Marshall of City Court of Denham Springs - Ward II	-	-	-	4,189	4,189
Denham Springs Economic Development District	<u>49,383</u>	<u>27,850</u>	<u>-</u>	<u>-</u>	<u>77,233</u>
Total Component Units	<u>49,383</u>	<u>27,850</u>	<u>-</u>	<u>4,189</u>	<u>81,422</u>
	<u>\$1,054,849</u>	<u>\$1,488,329</u>	<u>\$ 32,332</u>	<u>\$ 4,189</u>	<u>\$2,579,699</u>

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

**(7) Interfund Receivables, Payables - Due (To) From Primary
Government/Component Units - Transfers In, Transfers Out -**

a. Balances due to/from other funds at June 30, 2007 consist of the following:

Due to Capital Projects Fund from the Utility Fund for a portion of the construction of a water maintenance building to be shared with the Fire Department. Upon completion the water maintenance portion was closed into the Enterprise Fund	\$ 137,765
Due to General Fund from the Utility Fund representing net cash in excess of outstanding checks	654,931
Due to General Fund from Capital Projects Fund representing net cash in excess of outstanding checks	429,399
Due from Capital Projects Fund to General Fund representing net cash in excess of outstanding checks	(429,399)
	<u>\$ 792,696</u>

Summary of balances due from (to) other funds reported in fund financial statements and net internal
balances as reported in the Statement of Net Assets:

	<u>Due From Other Funds</u>	<u>Due (To) Other Funds</u>	<u>Net Internal Balances</u>
Balance Sheet - Governmental Funds	\$ 792,696	\$ -	\$ 792,696
Statement of Net Assets - Proprietary Fund	<u>-</u>	<u>(792,696)</u>	<u>(792,696)</u>
	<u>\$ 792,696</u>	<u>\$(792,696)</u>	<u>\$ -</u>

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

- b. Receivable and payable balances at year-end between the Primary Government and Component Units were as follows:

	<u>Due (To)/From Primary Government</u>	<u>Due (To)/From Component Units</u>
<u>Primary Government:</u>		
General Fund	\$ -	\$ 3,396
<u>Component Units:</u>		
City Court of Denham Springs - Ward II	-	-
Marshall of City Court of Denham Springs - Ward II	<u>(3,396)</u>	<u>-</u>
Total	<u>\$ (3,396)</u>	<u>\$ 3,396</u>

- c. In the year ended June 30, 2007, the City of Denham Springs made the following one-time transfers:

A transfer of \$304,568 from the general fund to the utility enterprise fund in order to subsidize utility expenses in the sewer department.

(8) Changes in Capital Assets -

Primary government capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 628,671	\$ 90,450	\$ -	\$ 719,121
Construction in Progress	<u>148,077</u>	<u>45,750</u>	<u>(63,402)</u>	<u>130,425</u>
Total Capital Assets not being Depreciated	776,748	136,200	(63,402)	849,546

(CONTINUED)

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Capital Assets being Depreciated:				
Buildings and Improvements	4,251,192	-	-	4,251,192
Infrastructure	3,544,275	-	-	3,544,275
Equipment	<u>3,747,421</u>	<u>531,288</u>	<u>(1,100)</u>	<u>4,277,609</u>
Total Capital Assets being Depreciated	11,542,888	531,288	(1,100)	12,073,076
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,086,300	109,422	-	2,195,722
Infrastructure	1,346,212	145,636	-	1,491,848
Equipment	<u>2,579,334</u>	<u>340,261</u>	<u>(92)</u>	<u>2,919,503</u>
Total Accumulated Depreciation	<u>6,011,846</u>	<u>595,319</u>	<u>(92)</u>	<u>6,607,073</u>
Total Capital Assets being Depreciated, Net	<u>5,531,042</u>	<u>(64,031)</u>	<u>(1,008)</u>	<u>5,466,003</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 6,307,790</u>	<u>\$ 72,169</u>	<u>\$ (64,410)</u>	<u>\$ 6,315,549</u>
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 159,575	\$ 30,091	\$ -	\$ 189,666
Construction in Progress	<u>81,034</u>	<u>1,230,991</u>	<u>(571,680)</u>	<u>740,345</u>
Total Capital Assets not being Depreciated	240,609	1,261,082	(571,680)	930,011
Capital Assets being Depreciated:				
Buildings and Improvements	565,187	-	-	565,187
Gas System	3,885,229	147,847	-	4,033,076
Water System	7,056,581	191,596	-	7,248,177
Sewer System	14,162,559	273,811	-	14,436,370
Equipment	<u>1,567,015</u>	<u>272,525</u>	<u>-</u>	<u>1,839,540</u>
Total Capital Assets being Depreciated	27,236,571	885,779	-	28,122,350

(CONTINUED)

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Less: Accumulated Depreciation for:				
Building and Improvements	165,958	11,340	-	177,298
Gas System	2,475,479	79,499	-	2,554,978
Water System	4,253,646	176,500	-	4,430,146
Sewer System	4,264,761	286,172	-	4,550,933
Equipment	<u>1,231,230</u>	<u>116,522</u>	<u>-</u>	<u>1,347,752</u>
Total Accumulated Depreciation	12,391,074	670,033	-	13,061,107
Total Capital Assets being Depreciated, Net	<u>14,845,497</u>	<u>215,746</u>	<u>-</u>	<u>15,061,243</u>
Total Business-Type Activities Capital Assets, Net	<u>\$15,086,106</u>	<u>\$1,476,828</u>	<u>\$ (571,680)</u>	<u>\$15,991,254</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 79,324
Public Safety	255,224
Highway and Streets	<u>253,962</u>
	588,510
Capital Assets Held by Internal Service Funds are Charged to the Various Functions Based on their Usage of the Assets	<u>6,809</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 595,319</u>

Business-Type Activities:

Water	\$ 226,448
Gas	114,807
Sewer	325,196
Sanitation	<u>3,582</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 670,033</u>

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

Construction Commitments

Governmental Activities:

The City has two active construction projects as of June 30, 2007 in the governmental activities. The projects include the renovation of the "Old City Hall" building in downtown Denham Springs, and the construction of the Range Avenue Corridor Project. The renovation of Old City Hall is being funded by a Livingston Parish Tourist Commission grant of \$50,000, a State of Louisiana grant of \$125,000, and the balance of approximately \$715,000 by the City of Denham Springs, while the Range Road Corridor Project will be funded by the State.

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Renovation of Old City Hall	<u>\$130,425</u>	<u>\$759,575</u>

The City is working with the State of Louisiana in an effort to ease traffic flow on State Highways through the City of Denham Springs. The project is referred to as the Range Road Corridor Project. The total cost of the project is estimated to be \$7,200,000 with the majority of the cost being reimbursed to the City from the State. These costs will not be capitalized as infrastructure costs, as the City of Denham Springs will not own these improvements. Costs incurred to date as Highways and Street expenditures amount to \$2,970,600.

Business-Type Activities:

The City issued \$23,765,000 2006 Utility Revenue Bonds - Sewer Project to fund the upgrade of the City owned sewer treatment plant, fund the expansion of the City water distribution system to unincorporated areas of the City, fund the renovations and rehabilitation of City sewer manholes, fund the reclamation of the City's sewer lagoons, and fund any other repairs or expansions needed to maintain the City's water distribution system, and cost related to the issuance of the bonds. Following is a schedule that lists the various projects and the projected costs:

<u>Project Name</u>	<u>Projected Costs</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Sewer Treatment Plant Project	\$11,976,428	\$ 281,791	\$11,694,637
Sewer System Repairs Project	2,649,885	115,331	2,534,554
Water Systems Expansion - Outside City	6,838,182	189,937	6,648,245
Water Systems Repairs - Inside City	1,499,441	4,962	1,494,479
Other Miscellaneous Repairs	<u>750,000</u>	<u>148,324</u>	<u>601,676</u>
	<u>\$23,713,936</u>	<u>\$ 740,345</u>	<u>\$22,973,591</u>

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

A summary of changes in capital assets for component units is as follows:

City Court of Denham Springs - Ward II:

<u>Governmental Activities</u>	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Equipment:				
Copier	\$ 11,018	\$ -	\$ -	\$ 11,018
Telephone System	11,171	-	-	11,171
Furniture and Fixtures	21,288	348	-	21,636
Computer Equipment	104,216	4,150	-	108,366
Police Equipment	4,273	-	-	4,273
Leasehold Improvements	15,696	-	-	15,696
Other Equipment	<u>24,611</u>	<u>685</u>	<u>-</u>	<u>25,296</u>
Totals	192,273	5,183	-	197,456
Less: Accumulated Depreciation	<u>(154,072)</u>	<u>(9,583)</u>	<u>-</u>	<u>(163,655)</u>
Capital Assets, Net	<u>\$ 38,201</u>	<u>\$ (4,400)</u>	<u>\$ -</u>	<u>\$ 33,801</u>

Marshal of City Court of Denham Springs - Ward II:

<u>Governmental Activities</u>	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Office Equipment	\$ 25,354	\$ 1,747	\$ (1,636)	\$ 25,465
Furniture and Fixtures	9,377	-	-	9,377
Machinery and Equipment	41,983	-	-	41,983
Vehicles	87,847	-	-	87,847
Leasehold Improvements	<u>4,411</u>	<u>-</u>	<u>-</u>	<u>4,411</u>
Totals	168,972	1,747	(1,636)	169,083
Less: Accumulated Depreciation	<u>(122,810)</u>	<u>(14,028)</u>	<u>1,636</u>	<u>(135,202)</u>
Capital Assets, Net	<u>\$ 46,162</u>	<u>\$ (12,281)</u>	<u>\$ -</u>	<u>\$ 33,881</u>

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

Denham Springs Economic Development District:

<u>Governmental Activities</u>	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Capital Assets not being Depreciated:				
Land	\$ -	\$ 5,303,750	\$ -	\$ 5,303,750
Construction in Progress	-	<u>7,830,018</u>	-	<u>7,830,018</u>
Total Capital Assets not being Depreciated	-	<u>13,133,768</u>	-	<u>13,133,768</u>
Total Governmental Activities Capital Assets, Net	\$ -	<u>\$13,133,768</u>	\$ -	<u>\$13,133,768</u>

As no construction project had been completed at June 30, 2007, no depreciation expense was charged to the General Operations function in the Statement of Activities.

Construction Commitments

At June 30, 2007, the District has four active construction projects. The projects include the construction of the Bass Pro Shops Retail Building and Restaurant, the Installation of Utilities to the District, the construction of the Bass Pro Shops Retail Building Parking Lot, and the construction of Bass Pro Boulevard connecting Range Avenue to Louisiana Highway 1032.

At June 30, 2007, the District's construction commitments are as follows:

<u>Project</u>	<u>Original Commitment</u>	<u>Spent-to Date</u>	<u>Remaining Commitment</u>
Bass Pro Shops Retail Building and Restaurant	\$22,000,000	\$6,495,156	\$15,504,844
Installation of Utilities to the District	1,703,917	1,017,754	686,163
Bass Pro Shop Retail Building Parking Lot	3,640,309	150,253	3,490,056
Bass Pro Boulevard	<u>3,196,139</u>	<u>166,855</u>	<u>3,029,284</u>
	<u>\$30,540,365</u>	<u>\$7,830,018</u>	<u>\$22,710,347</u>

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

(9) Long-Term Liabilities -

Primary Government -

Revenue Bonds. The City issues bonds where it pledges income derived from the acquired or constructed assets to pay debt services. During the current fiscal year, the City issued \$23,765,000 of revenue bonds dated December 1, 2006. These bonds were issued to finance the funding of the upgrade of the City owned sewer treatment plant, the funding of the expansion of the City water distribution system to unincorporated areas of the City, the funding of renovations and rehabilitations of City sewer manholes, the funding of the reclamation of the City's sewer lagoons, the funding of any other repairs and/or expansions needed to maintain the City's water distribution system, and any costs incidental to the issuance of these bonds. Revenue bonds outstanding at June 30, 2007, are as follows:

<u>Description/Purpose</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2007</u>
Business-Type Activities:				
2006 Utility Revenue				
Bonds - Sewer Project	\$23,765,000	4.00 to 4.75%	12-01-2036	\$23,765,000

Revenue bond debt service requirements to maturity, including interest requirements, are as follows:

	<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2008	\$ 450,000	\$1,018,894	\$1,468,894
	2009	430,000	1,001,294	1,431,294
	2010	450,000	983,694	1,433,694
	2011	465,000	965,394	1,430,394
	2012	485,000	946,394	1,431,394
	2013-2017	2,730,000	4,418,869	7,148,869
	2018-2022	3,330,000	3,814,869	7,144,869
	2023-2027	4,060,000	3,054,028	7,114,028
	2028-2032	5,040,000	2,044,187	7,084,187
	2033-2037	<u>6,325,000</u>	<u>736,762</u>	<u>7,061,762</u>
Total Revenue				
Bonds		\$23,765,000	\$18,984,385	\$42,749,385

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

The 2006 Utility Revenue Bond - Sewer Project requires the following funds to be maintained:

A debt service fund designed to achieve proper mailing of principal and interest payments as due on the Revenue Bond.

The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At June 30, 2007, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$351,541.

Prior Year Bond Defeasance. There are no outstanding balances on any prior-year bond defeasance as of June 30, 2007.

Capital Lease Payable. The City entered into a capital lease agreement on September 5, 2003, for financing the purchase of a street sweeper for the Street Department. The lease requires monthly payments of principal and interest of \$3,186 for 60 months with a final payment due September 5, 2008. The City entered into a capital lease agreement on December 11, 2006, for financing the purchase of six police vehicles for the Police Department. The lease requires quarterly payments of principal and interest of \$9,709 for twelve quarters with a final payment due September 11, 2009. The lease agreements contain a non-appropriation exculpatory clause that allows cancellation if the City Council does not make an annual appropriation for the lease payments. The capital leases payable at June 30, 2007, are as follows:

<u>Description/Purpose</u>	<u>Original Lease Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2007</u>
Governmental Activities:				
Capital lease to finance the purchase of a street sweeper	\$174,485	3.65%	09/05/08	\$ 43,602
Capital lease to finance the purchase of six police vehicles	\$106,168	6.95%	09/11/09	\$ 80,252

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

Capital lease payments to maturity including interest requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 71,395	\$ 5,673	\$ 77,068
2009	42,915	2,294	45,209
2010	<u>9,544</u>	<u>165</u>	<u>9,709</u>
Total	<u>\$123,854</u>	<u>\$ 8,132</u>	<u>\$131,986</u>

Changes in Long-Term Debt. Long-term liability activity for the year ended June 30, 2007 is as follows:

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
Governmental Activities:					
Capital Lease	\$ 79,527	\$ 106,168	\$ 61,841	\$ 123,854	\$ 71,395
Compensated Absences	<u>331,987</u>	<u>415,302</u>	<u>309,269</u>	<u>438,020</u>	<u>109,505</u>
Governmental Activity					
Long-Term Liabilities	<u>\$ 411,514</u>	<u>\$ 521,470</u>	<u>\$371,110</u>	<u>\$ 561,874</u>	<u>\$180,900</u>
Business-Type Activities:					
2006 Utility Revenue					
Bond-Sewer Project	\$ -	\$23,765,000	\$ -	\$23,765,000	\$450,000
Adjust for Deferred Amount:					
For Issuance Premium	<u>-</u>	<u>227,264</u>	<u>-</u>	<u>227,264</u>	<u>4,333</u>
Total Bonds Payable	-	23,992,264	-	23,992,264	454,333
Environmental Assessment					
Liabilities	75,475	-	73,505	1,970	1,970
Compensated Absences	<u>62,690</u>	<u>108,005</u>	<u>87,197</u>	<u>83,498</u>	<u>20,874</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 138,165</u>	<u>\$24,100,269</u>	<u>\$160,702</u>	<u>\$24,077,732</u>	<u>\$477,177</u>

The internal service fund serves predominantly the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$2,340 of compensated absences for the internal service fund is included in the above amounts. Also, for the governmental activities, capital leases and compensated absences are generally liquidated by the General Fund.

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

Component Unit -

The following is a summary of the changes in general long-term debt of the Denham Springs Economic Development District for the year ended June 30, 2007:

	<u>2007 Series A</u>	<u>2007 Series B</u>	<u>2007 Series C</u>	<u>Total</u>
Long-Term Debt at June 30, 2006	\$ -	\$ -	\$ -	\$ -
Additions	5,060,000	31,180,000	5,300,000	41,540,000
Repayments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	5,060,000	31,180,000	5,300,000	41,540,000
Less: Unamortized Discount	<u>(37,950)</u>	<u>(233,850)</u>	<u>-</u>	<u>(271,800)</u>
Long-Term Debt Payable at June 30, 2007	<u>\$5,022,050</u>	<u>\$30,946,150</u>	<u>\$5,300,000</u>	<u>\$41,268,200</u>

At June 30, 2007, long-term debt consists of the following Sales Tax Increment Revenue Bonds dated March 1, 2007.

Series 2007A Tax-Exempt Variable Rate Sales Tax Increment Revenue Bonds - Variable Interest Rate Interest Only until July 1, 2034 with Final Maturity January 1, 2037	\$ 5,060,000
Series 2007B Taxable Variable Rate Sales Tax Increment Revenue Bonds - Variable Interest Rate Interest Only until July 1, 2009 with Final Maturity January 1, 2034	31,180,000
Series 2007C Taxable Fixed Rate Subordinate Sales Tax Increment Revenue Bonds - Interest Rate 10.00% - 7.0% Interest Only Paid Each Year. Single Bond Maturity January 1, 2037 Along with an Additional 3.0% Interest From Date of Issue	<u>5,300,000</u>
	<u>\$41,540,000</u>

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

These bonds were issued for the purchase of 24 acres within the 75 acre District and for the construction of the "Bass Pro Shops" project and infrastructure. The bonds will be paid from the dedicated portion of the sale tax revenues generated from the District. Additional collateral for these bonds is limited to the "Bass Pro Shop" development and the City of Denham Springs has no liability for these bonds.

The annual requirements to amortize the bonds outstanding using estimated current interest rates of 3.79% for the Series A and 5.32% for the Series B are as follows:

Year Ending June 30,	2007 Series A		2007 Series B		2007 Series C		Governmental Activities		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2008	\$ -	\$ 191,414	\$ -	\$ 1,666,977	\$ -	\$ 388,519	\$ -	\$ 2,246,910	\$ 2,246,910
2009	-	191,774	-	1,658,776	-	376,153	-	2,226,703	2,226,703
2010	-	191,774	105,000	1,656,058	-	376,153	105,000	2,223,985	2,328,985
2011	-	191,774	125,000	1,649,941	-	376,153	125,000	2,217,868	2,342,868
2012	-	192,299	145,000	1,647,251	-	377,183	145,000	2,216,733	2,361,733
2013-2017	-	959,395	1,795,000	8,013,921	-	1,881,794	1,795,000	10,855,110	12,650,110
2018-2022	-	959,395	4,920,000	7,151,941	-	1,881,794	4,920,000	9,993,130	14,913,130
2023-2027	-	959,395	9,690,000	5,249,577	-	1,881,794	9,690,000	8,090,766	17,780,766
2028-2032	-	959,921	9,230,000	2,646,445	-	1,882,825	9,230,000	5,489,191	14,719,191
2033-2037	5,060,000	688,169	5,170,000	285,548	5,300,000	6,593,936	15,530,000	7,567,653	23,097,653
	5,060,000	5,485,310	31,180,000	31,626,435	5,300,000	16,016,304	41,540,000	53,128,049	94,668,049
Less: Unamortized Discount	(37,950)	-	(233,850)	-	-	-	(271,800)	-	(271,800)
Total	\$5,022,050	\$5,485,310	\$30,946,150	\$31,626,435	\$5,300,000	\$16,016,304	\$41,268,200	\$53,128,049	\$94,396,249

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

(10) Customers' Deposits -

Meter deposits are paid by customers upon application for utility services and are returnable to them upon termination of service. Receipts from meter deposits are deposited in the Utility Operating Fund and refunds of deposits on termination of service are made from the same account.

The City has a certificate of deposit which is designated specifically for Customers' Deposits. At June 30, 2007, customers' deposits amounted to \$736,208 and the balance of the certificate of deposit amounted to \$750,000 and is included as a Restricted Asset on the Statement of Net Assets.

(11) Retirement Commitments -

A. Plan Descriptions, Contribution Information, and Funding Policies

Substantially all employees of the City of Denham Springs are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana. These systems are multiple employer (cost-sharing), public employee retirement systems (PERS), controlled and administered by separate boards of trustees. Pertinent information relative to each plan follows:

The following is a summary of eligibility factors, contribution methods, and benefit provisions.

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Eligibility to Participate	All permanent employees working at least 35 hours per week, not covered by another pension plan, and under age 60 at date of employment and are paid wholly or in part from City funds; all elected municipal officials are also eligible to participate; all employees of the City are members of Plan B.	All full-time police department employees engaged in law enforcement are required to participate in the System.	Mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System.

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Authority Establishing Contribution Obligations and Benefits	State Statute	State Statute	State Statute
Plan Members' Contribution Rate (Percent of Covered Payroll)	5.00%	7.50%	8.00%
City's Contri- bution Rate (Percent of Covered Payroll)	9.75%	15.50%	15.50%
Period Required to Vest	10 years	12 years	12 years
Benefits and Eligibility for Distri- bution (Full-Time)	At or after age 60 with at least 10 years of creditable service or at or after 55 with at least 30 years of creditable service, 2% of final average salary multiplied by the years of creditable service; at least 10 years but less than 30 years of creditable service, may take early retirement	25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55, 3 1/3% of average salary multiplied by the years of credit- able service not to exceed 100% of final	20 years or more of creditable service and attained age 50 or 12 years of service and age 55 or 25 years of service at any age, 3 1/3% of average salary multiplied by the years of credit- able service not to exceed 100% of final salary

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
	benefits reduced 3% for each year retirement precedes age 60; in any case monthly retirement benefits can not exceed 100% of final average salary	salary; early retirement, 20 years of service regardless of age, 3 1/3% of average salary multiplied by creditable service actuarially reduced for retirement prior to age 50.	
Deferred Retirement Option	Yes, 30 years creditable service	Yes, 25 years of creditable service regardless of age or 20 years of creditable service and attaining the age of 50	Yes, after completing 20 years of creditable service
Provisions for: Cost of Living Adjustments (Normal Retirement)	Yes	Yes	Yes
Death (Duty, Non-Duty, Post Retirement)	Yes	Yes	Yes
Disability (Duty, Non-Duty)	Yes	Yes	Yes
Cost of Living Allowances	Yes	Yes	Yes

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

B. Trend Information -

Contributions required by State statute:

Fiscal Year	Municipal Employees Retirement System of Louisiana		Municipal Police Employees Retirement System of Louisiana		Firefighters Retirement System of Louisiana	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
1999	\$147,921	100%	\$143,895	100%	\$ 98,786	100%
2000	\$166,991	100%	\$163,093	100%	\$100,037	100%
2001	\$177,412	100%	\$176,186	100%	\$101,219	100%
2002	\$184,844	100%	\$177,673	100%	\$122,030	100%
2003	\$235,415	100%	\$182,630	100%	\$128,281	100%
2004	\$299,519	100%	\$275,777	100%	\$235,124	59%
2005	\$317,335	100%	\$320,036	100%	\$254,973	138%
2006	\$326,121	100%	\$251,776	100%	\$199,621	100%
2007	\$343,216	100%	\$250,519	100%	\$176,041	100%

Trend information showing the progress of the Systems in accumulating sufficient assets to pay benefits when due is presented in their annual financial reports. Copies of these reports may be obtained from the respective State retirement systems.

(12) Deferred Compensation Plan -

The City offers its employees a deferred compensation plan created in accordance with Louisiana Revised Statutes 42:1301 through 42:1308 and Section 457 of the Internal Revenue Code of 1954. The Louisiana Public Employees' Deferred Compensation Plan is available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In accordance with the amended provisions of Internal Revenue Code Section 457 which were enacted into law in August 1996, all amounts deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are solely the property and rights of the participants and their beneficiaries. As required by the amendment to the code, the City established a custodial account with a third party administrator who will hold the assets and income of the plan.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

Under GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", governments who have no responsibility for the plan and are not formally considered the plan's trustee are not required to report the plan in its financial statements. Since the City's plan is held in a custodial account with a third party administrator, the assets and liabilities are not presented in the City's financial statements as of June 30, 2007.

Assets totaling \$484,086 are held by Great West Life & Annuity Insurance Company, a deferred compensation center.

Compensation deferred under this plan for the fiscal year ended June 30, 2007, amounted to \$60,105.

(13) Litigation -

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City of Denham Springs.

(14) Intergovernmental Revenue -

GASB No. 24 requires government employers to disclose the amount recognized in the financial statements for on-behalf payments of salaries and fringe benefits.

Supplementary salary payments are made by the State of Louisiana directly to certain groups of the City's employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contribution made by the State. For the fiscal year ended June 30, 2007, the State paid supplemental salaries to the City's fire and law enforcement employees in the amount of \$176,360.

(15) Risk Management -

The City is exposed to various risks of loss related to torts theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City maintains commercial insurance for all risks of loss, including (1) Worker's Compensation, (2) Public Official Bonds and Employees Liability, (3) Business Auto Liability, (4) Umbrella coverage, (5) Law Enforcement Professional Liability, (6) Fire and Extended coverage and (7) Flood Insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

(16) Mayor and Council Members' Compensation -

The following list includes the compensation paid to the Mayor and Council Members for the year ended June 30, 2007. The current terms of the Mayor and Council Members expire on December 31, 2010.

James E. Durbin, Mayor 417 Centerville Street Denham Springs, Louisiana 70726 Telephone: 665-8121 Term Began: January 1, 2007	\$ 59,577
Lori Lamm-Williams, Council Member 717 Poplar Street Denham Springs, Louisiana 70726 Telephone: 665-4462 Term Began: January 1, 2007	\$ 9,200
George Meadors, Council Member 135 N. College Denham Springs, Louisiana 70726 Telephone: 665-4889 Term Expired: December 31, 2006	\$ 4,000
Arthur Perkins, Council Member 906 Hatchell Lane Denham Springs, Louisiana 70726 Telephone: 664-6730 Term Began: January 1, 2007	\$ 9,200
Robert Poole, Council Member 1403 Weeping Willows Drive Denham Springs, Louisiana 70726 Telephone: 665-4464 Term Expired: December 31, 2006	\$ 4,200
John Wascom, Council Member 522 Centerville Street Denham Springs, Louisiana 70726 Telephone: 665-7037 Term Began: January 1, 2007	\$ 8,600
Rene F. Delahoussaye, Jr. 211 Centerville E. Denham Springs, Louisiana 70726 Telephone: 665-4889 Term Began: January 1, 2007	\$ 5,000
Jerry L. Denton 930 Benton Lane Denham Springs, Louisiana 70726 Telephone: 664-6429 Term Began: January 1, 2007	\$ 5,000

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

**(17) Schedule of Utility Enterprise Fund Net Income (Loss) from Operations
by Department for the Fiscal Year Ended June 30, 2007 -**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Operating Revenues:					
Charges for Services	\$ 3,614,784	\$ 1,492,624	\$ 1,015,638	\$ 609,790	\$ 6,732,836
Delinquent Charges	51,945	21,449	14,595	8,764	96,753
Miscellaneous	<u>-</u>	<u>54,756</u>	<u>4,542</u>	<u>-</u>	<u>59,298</u>
Total Operating Revenues	3,666,729	1,568,829	1,034,775	618,554	6,888,887
Operating Expenses:					
Direct	3,143,033	924,511	1,142,845	654,985	5,865,374
General and Administrative	<u>365,494</u>	<u>367,946</u>	<u>332,958</u>	<u>91,308</u>	<u>1,157,706</u>
Total Operating Expenses	3,508,527	1,292,457	1,475,803	746,293	7,023,080
Operating Income (Loss) by Department	158,202	276,372	(441,028)	(127,739)	(134,193)
Nonoperating Revenues	37,568	34,352	18,312	-	90,232
Capital Contributions	-	26,000	182,735	-	208,735
Transfers from General Fund	-	-	304,568	-	<u>304,568</u>
Change in Net Assets					<u>469,342</u>
Business-Type Activities					
Departmental Net Income (Loss)	<u>\$ 195,770</u>	<u>\$ 336,724</u>	<u>\$ 64,587</u>	<u>\$ (127,739)</u>	
Change in Net Assets					
Business-Type Activities					<u>\$ 469,342</u>

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

**(18) Schedule of Utility Fund Operating Expenses by Department
for the Fiscal Year Ended June 30, 2007 -**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Direct Expenses:					
Natural Gas Purchases	\$ 2,210,818	\$ -	\$ -	\$ -	\$ 2,210,818
Direct Labor	427,891	327,215	299,814	-	1,054,920
Chlorinator Expense	-	15,896	-	-	15,896
Depreciation	114,807	226,448	325,196	3,582	670,033
Electricity	18,614	133,840	173,493	-	325,947
Equipment Expenses	120,492	78,463	69,844	-	268,799
Equipment Rental	23,649	16,398	6,328	-	46,375
Lab Fees	-	-	18,559	-	18,559
Maintenance	140,911	23,728	226,826	-	391,465
Meter Reading	58,979	83,457	-	-	142,436
Meter Repairs	6,331	-	-	-	6,331
Small Tools and Supplies	20,541	19,066	22,785	229	62,621
Subcontract Disposal Service	-	-	-	651,174	651,174
	<u>3,143,033</u>	<u>924,511</u>	<u>1,142,845</u>	<u>654,985</u>	<u>5,865,374</u>
General and Administrative Expenses:					
Office Salaries	70,272	99,389	77,655	49,190	296,506
Payroll Taxes, Retirement and Group Insurance	142,834	120,878	104,242	14,696	382,650
Electricity	2,302	3,256	2,544	1,611	9,713
Ground Maintenance	699	9,306	748	-	10,753
Insurance	30,524	30,454	35,666	5,854	102,498
Miscellaneous	44,106	28,782	24,934	3,151	100,973
Office Expense	35,602	29,073	30,136	5,772	100,583
Professional Fees	5,799	17,794	32,813	3,329	59,735
Telephone	23,285	14,770	13,091	655	51,801
Bad Debts	10,071	14,244	11,129	7,050	42,494
	<u>365,494</u>	<u>367,946</u>	<u>332,958</u>	<u>91,308</u>	<u>1,157,706</u>
Total Operating Expenses	<u><u>\$ 3,508,527</u></u>	<u><u>\$ 1,292,457</u></u>	<u><u>\$ 1,475,803</u></u>	<u><u>\$ 746,293</u></u>	<u><u>\$ 7,023,080</u></u>

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

**(19) Schedule of Utility Enterprise Fund Operating Expenses by
Function for the Fiscal Year Ended June 30, 2007 -**

Personal Services and Benefits:

Direct Labor	\$ 1,054,920
Office Salaries	296,506
Payroll Taxes, Retirement and Group Insurance	<u>382,650</u>
	1,734,076

Contractual Services:

Chlorinator Expense	15,896
Equipment Rental	46,375
Lab Fees	18,559
Meter Reading	142,436
Subcontract Disposal Service	651,174
Professional Fees	<u>59,735</u>
	934,175

Cost of Materials:

Natural Gas Purchases	2,210,818
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Utilities:

Electricity (Direct)	325,947
Electricity (General)	9,713
Telephone	<u>51,801</u>
	387,461

Repair and Maintenance:

Equipment Expenses	268,799
Maintenance	391,465
Meter Repairs	6,331
Ground Maintenance	<u>10,753</u>
	677,348

Supplies:

Small Tools and Supplies	62,621
Office Expense	100,583
Miscellaneous	<u>100,973</u>
	264,177

Insurance	102,498
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Depreciation	670,033
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Bad Debts	<u>42,494</u>
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Total Operating Expenses	<u><u>\$ 7,023,080</u></u>
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CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

(20) Cooperative Endeavor Agreement -

A cooperative endeavor agreement dated December 15, 2006 was made by and among Denham Springs Economic Development District (the "District"), Denham Springs Economic Development Corporation (the "Corporation"), City of Denham Springs, State of Louisiana (the "City"), Law Enforcement District of the Parish of Livingston, State of Louisiana (the "Law Enforcement District"), Livingston Parish School Board, both in its capacity as a Participating Tax Recipient Entity (the "School Board") and its capacity as the Tax Collector for Sales and Use Taxes in the District (the "Tax Collector"), Parish of Livingston, State of Louisiana (the "Parish"), Special Sales Tax District No. 1 of the Parish of Livingston, State of Louisiana (the "School District"), Gravity Drainage District No. 1 of the Parish of Livingston, State of Louisiana (the "Gravity Drainage District") and The State of Louisiana (the "State"), acting by and through the Louisiana Department of Revenue (the "Department").

Pursuant to this Cooperative Endeavor Agreement, the Participating Tax Recipient Entities and the State have pledged and dedicated and will irrevocably pledge and dedicate an amount of Annual Pledged Local Increment and Annual Pledged State Increment to pay the annual principal of, premium, if any, and interest on the Bonds. The District shall use a portion of the proceeds of the Bonds to purchase the Bass Pro Site, which will then be leased by the District to the Corporation. The District shall deposit a portion of the proceeds of the Bonds to the Project Fund held by the Paying Agent/Trustee to pay Project Costs. The Corporation will contract for and monitor construction of the Project and sublease the Bass Pro Site and Facilities to Bass Pro Denham Springs Development Company, LLC. The Corporation will mortgage its leasehold interest in the Bass Pro Site and Facilities in favor of the Paying Agent/Trustee for the benefit of bondholders.

In consideration of the mutual covenants contained, the parties covenant and agree to pledge and dedicate pursuant to the agreement their agreed upon percentages of the sales tax collected within the District as follows:

Entity	Sales and Use Tax Percent	Percent of Sales Tax Pledged to District
City of Denham Springs	1.50%	71.42857%
Livingston Parish		
Law Enforcement District	.50%	71.42857%
Livingston Parish		
School Board - General Fund	1.00%	100.00000%
Livingston Parish		
School Board - 2 nd Sales Tax	1.00%	0.00000%
Livingston Parish School Board -		
District #1	.50%	100.00000%
Livingston Parish Council	1.00%	71.42857%
Livingston Parish Gravity		
Drainage District #1	.50%	71.42857%
State of Louisiana	4.00%	50.0000%
	10.00%	

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

In addition, while each of the local entities pledge their sales tax revenues until the bonds are paid in full, the State of Louisiana pledged their participation for not more than 20 years from date of closing on the bonds and not to exceed \$1,500,000 per year. The bonds issued March 20, 2007 have a maturity schedule of 30 years. No participating local tax recipient entity shall be required to pledge or pay more than the annual pledged local increment attributable to it during any year of the term of the agreement. The term of this agreement shall be effective upon execution by all parties hereto and shall terminate upon the earlier of (i) payment in full by the District of all principal, interest, premium, if any, and other requirements of the bonds or (ii) the final maturity date of the Bonds, which date shall not be extended beyond that final maturity date initially set forth in the Indenture without the prior written consent of all Participating Tax Recipient Entities.

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**MAJOR GOVERNMENTAL FUND BUDGET
OTHER THAN GENERAL FUND**

CAPITAL PROJECTS FUND

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Projects Fund - This fund is used to account for the costs of major repairs and construction of City streets, for the costs of improving major drainage arteries throughout the City, and for the construction costs and/or major renovation costs to various City buildings.

**CITY OF DENHAM SPRINGS
CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>			<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Interest	\$ 9,900	\$ 11,900	\$ 9,719	\$ (2,181)
State Grants	2,500,000	2,500,000	2,141,638	(358,362)
Miscellaneous	-	-	-	-
Total Revenues	2,509,900	2,511,900	2,151,357	(360,543)
Expenditures:				
Construction Costs and Related Expenditures	2,725,000	2,660,230	2,285,716	374,514
Total Expenditures	2,725,000	2,660,230	2,285,716	374,514
Net Change in Fund Balances	(215,100)	(148,330)	(134,359)	13,971
Fund Balance at Beginning of Year	503,665	503,665	503,665	-
Fund Balance at End of Year	<u>\$ 288,565</u>	<u>\$ 355,335</u>	<u>\$ 369,306</u>	<u>\$ 13,971</u>

The accompanying notes constitute an integral part of this statement.

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

1994 Paving Certificates Debt Service Fund - This fund is used to account for the collection of a special assessment on the property owners of the Lakeland Acres Subdivision. The proceeds of such collections to be used to make annual payments on the 1994 Paving Certificates of Indebtedness incurred for the benefit of the property owners of the Lakeland Acres Subdivision.

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Cemetery Care Permanent Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the City's cemetery.

SPECIAL REVENUE FUND

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose.

Witness Fee Fund - This fund is used to account for the cost of court appearances by police officers at the City Court of Denham Springs - Ward II to provide testimony.

CITY OF DENHAM SPRINGS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2007

	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee Fund	Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,241	\$ 45,668	\$ 12,151	\$ 61,060
Investments, at Cost	-	545,000	40,000	585,000
Receivables (Net of Allowance for Uncollectibles):				
Other	-	8,361	316	8,677
Total Assets	<u>\$ 3,241</u>	<u>\$ 599,029</u>	<u>\$ 52,467</u>	<u>\$ 654,737</u>
LIABILITIES AND FUND BALANCES				
Accounts Payable	\$ -	\$ -	\$ 886	\$ 886
Total Liabilities	-	-	886	886
Fund Balance:				
Reserved for Cemetery Expenditures	-	599,029	-	599,029
Unreserved:				
Undesignated	<u>3,241</u>	<u>-</u>	<u>51,581</u>	<u>54,822</u>
Total Fund Balances	<u>3,241</u>	<u>599,029</u>	<u>51,581</u>	<u>653,851</u>
Total Liabilities and Fund Balances	<u>\$ 3,241</u>	<u>\$ 599,029</u>	<u>\$ 52,467</u>	<u>\$ 654,737</u>

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee Fund	Nonmajor Governmental Funds
Revenues:				
Fees	\$ -	\$ -	\$ 23,169	\$ 23,169
Interest	93	29,559	2,413	32,065
Miscellaneous	-	12,300	-	12,300
Total Revenues	93	41,859	25,582	67,534
Expenditures:				
Current:				
General Government	-	611	22,545	23,156
Total Expenditures	-	611	22,545	23,156
Net Change in Fund Balances	93	41,248	3,037	44,378
Fund Balances at Beginning of Year	3,148	557,781	48,544	609,473
Fund Balances at End of Year	\$ 3,241	\$ 599,029	\$ 51,581	\$ 653,851

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS
WITNESS FEE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fees	\$ 23,468	\$ 22,100	\$ 23,169	\$ 1,069
Interest	300	2,200	2,413	213
Total Revenues	23,768	24,300	25,582	1,282
Expenditures:				
General Government	23,768	23,441	22,545	896
Total Expenditures	23,768	23,441	22,545	896
Net Change in Fund Balances	-	859	3,037	2,178
Fund Balance at Beginning of Year	48,544	48,544	48,544	-
Fund Balance at End of Year	<u>\$ 48,544</u>	<u>\$ 49,403</u>	<u>\$ 51,581</u>	<u>\$ 2,178</u>

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS¹
SCHEDULE BY SOURCE

JUNE 30, 2007

Governmental Funds Capital Assets:

Land	\$ 719,121
Land Improvements	38,565
Buildings	4,125,874
Equipment	4,149,960
Infrastructure	3,544,275
Construction in Progress	130,425
	<hr/>
Total General Fixed Assets	\$ 12,708,220
	<hr/>

Investments in Governmental Funds Capital Assets by Source:

General Fund Revenues	\$ 4,555,335
Federal Revenues and Federal Grants	575,841
Donated Infrastructure	620,558
Capital Improvement Funds:	
City's Share of Cost:	
General Fund	4,328,328
Federal Revenue Sharing	201,482
Federal Grants	614,577
State Grants	1,812,099
	<hr/>
Total Investment in General Fixed Assets	\$ 12,708,220
	<hr/>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund is excluded from the above amounts. The capital assets of the internal service fund is included as governmental activities in the statement of net assets.

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION AND ACTIVITY¹

JUNE 30, 2007

	Land	Improvements Other Than Buildings	Buildings
Function and Activity:			
General Government:			
General Government Buildings	\$ 415,439	\$ 13,950	\$ 1,620,430
Administration	90,450	-	-
Cemetery	2,000	11,002	10,313
Tax	-	-	-
Planning and Development	-	-	-
Public Service Workers	-	-	10,647
Total General Government	507,889	24,952	1,641,390
Public Safety:			
Animal Control	1,500	4,660	84,133
Fire	8,250	-	548,842
Police	201,482	8,953	1,475,445
Litter Control	-	-	-
Total Public Safety	211,232	13,613	2,108,420
Highways and Streets:			
Streets	-	-	5,174
Health:			
Council on Aging	-	-	370,890
Total Governmental Funds Capital			
Assets Allocated to Functions	\$ 719,121	\$ 38,565	\$ 4,125,874

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund is excluded from the above amounts. The capital assets of the internal service fund is included as governmental activities in the statement of net assets.

The accompanying notes constitute an integral part of this statement.

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
\$ -	\$ -	\$ 2,049,819
212,948	-	303,398
29,322	-	52,637
3,307	-	3,307
32,777	-	32,777
-	-	10,647
278,354	-	2,452,585
53,084	-	143,377
981,754	-	1,538,846
1,574,204	-	3,260,084
24,330	-	24,330
2,633,372	-	4,966,637
1,238,234	3,544,275	4,787,683
-	-	370,890
<u>\$ 4,149,960</u>	<u>\$ 3,544,275</u>	12,577,795
Construction in Progress		<u>130,425</u>
		<u>\$ 12,708,220</u>

CITY OF DENHAM SPRINGS

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹**

FOR THE YEAR ENDED JUNE 30, 2007

Function and Activity:	Governmental Funds Capital Assets 7/1/06	Transfers	Additions	Deductions	Governmental Funds Capital Assets 6/30/07
General Government:					
General Government Buildings	\$ 2,049,819	\$ -	\$ -	\$ -	\$ 2,049,819
Administration	193,137	-	110,261	-	303,398
Cemetery	52,637	-	-	-	52,637
Tax	3,307	-	-	-	3,307
Planning and Development	26,018	-	6,759	-	32,777
Public Service Workers	10,647	-	-	-	10,647
Total General Government	2,335,565	-	117,020	-	2,452,585
Public Safety:					
Animal Control	143,127	-	250	-	143,377
Fire	1,428,227	-	110,619	-	1,538,846
Police	2,989,439	(18,960)	289,605	-	3,260,084
Litter Control	24,330	-	-	-	24,330
Total Public Safety	4,585,123	(18,960)	400,474	-	4,966,637
Highways and Streets:					
Streets	4,692,754	-	94,929	-	4,787,683
Health:					
Council on Aging	370,890	-	-	-	370,890
Construction in Progress	148,077	-	45,750	63,402	130,425
Total Governmental Funds Capital Assets	<u>\$ 12,132,409</u>	<u>\$ (18,960)</u>	<u>\$ 658,173</u>	<u>\$ 63,402</u>	<u>\$ 12,708,220</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund is excluded from the above amounts. The capital assets of the internal service fund is included as governmental activities in the statement of net assets.

The accompanying notes constitute an integral part of this statement.

SUPPLEMENTARY SCHEDULE

CITY OF DENHAM SPRINGS
SCHEDULE OF INSURANCE COVERAGE IN FORCE

JUNE 30, 2007

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
CNA Surety	Public Official Bonds		
	Mayor; James Durbin	\$ 50,000	1/01/08
	Council Members:		
	Arthur Perkins	\$ 10,000	1/12/08
	Rene F. Delahoussaye, Jr.	\$ 10,000	1/01/08
	Jerry L. Denton	\$ 10,000	1/01/08
	John B. Wascom	\$ 10,000	1/01/08
	Lori Lamm-Williams	\$ 10,000	1/01/08
	Public Employees Blanket Bond:		
	City Treasurer:		
	Clarence Speed	\$ 50,000	12/11/07
	City Clerk:		
	Joan LeBlanc	\$ 50,000	2/06/08
Hanover Insurance Company	Property and Casualty Coverage -		
	90% Co-Insurance:		
	Municipal Building	\$ 1,625,000	
	Contents	\$ 474,000	7/01/07
	<u>941 Government Street</u>		
	Steel Water Tank and Tower	\$ 258,000	7/01/07
	<u>110 Brignac Street</u>		
	Council on Aging Buildings	\$ 835,000	7/01/07
	<u>949 Government Street</u>		
	Fire Station Building	\$ 265,000	
	Contents	\$ 11,000	7/01/07
	<u>1100 Hatchell Lane</u>		
	Fire Station/Water Dept	\$ 630,000	
	Office Building	\$ 15,000	7/01/07
	Contents		
	<u>27135 La. Hwy. 16</u>		

(CONTINUED)

CITY OF DENHAM SPRINGS
SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2007

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
	Police Station and Jail Facility	\$1,420,000	
	Contents	\$ 155,000	7/01/07
	<u>447 Lamm Street</u>		
	Fire Station Building	\$ 358,000	
	Contents	\$ 13,000	7/01/07
	<u>930 Government Street</u>		
	Sewer Building	\$ 73,660	
	Contents	\$ 15,000	7/01/07
	<u>9150 Forest Delatte Road</u>		
	Street Dept. Maintenance Building	\$ 50,000	
	Contents	\$ 2,000	7/01/07
	<u>600-A Bowman St.</u>		
	Street Dept. Old Office Building	\$ 50,000	
	Contents	\$ 2,000	7/01/07
	<u>600-B Bowman St.</u>		
	Animal Control Buildings	\$ 59,000	
	Contents	\$ 2,000	7/01/07
	<u>600-C Bowman Street</u>		
	Street Dept. Maintenance Equipment Building	\$ 41,930	7/01/07
	<u>600-D Bowman St.</u>		
	Street Dept. New Office Building	\$ 59,212	7/01/07
	Contents	\$ 10,000	
	<u>600-E Bowman St.</u>		

(CONTINUED)

CITY OF DENHAM SPRINGS
SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2007

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Hanover Insurance Company	Youth Services Office Building <u>940 Government Street</u>	\$ 290,000	7/01/07
	Utility Warehouse Building	\$ 93,000	
	Contents	\$ 31,000	7/01/07
	<u>112 Brignac Street</u>		
	Motor Pool and Warehouse Building	\$ 265,000	
	Contents	\$ 77,000	7/01/07
	<u>401 N. Railroad Ave.</u>		
	Arts Council/Red Cross Building <u>133 Hummel St.</u>	\$ 160,000	7/01/07
	Pine Street Pump Station Building <u>2635 Pine St.</u>	\$ 13,000	7/01/07
	Steel Water Tank and Tower <u>Pete's Highway</u>	\$ 566,000	7/01/07
Louisiana Workers' Compensation Corporation	Workmen's Compensation Statutory		7/01/07
Risk Management	General Liability	\$ 500,000	7/01/07
	Law Enforcement Professional Liability	\$ 500,000	7/01/07
Risk Management	Public Officials and Employees Liability Errors and Omissions	\$ 500,000	7/01/07

(CONTINUED)

CITY OF DENHAM SPRINGS
SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2007

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Risk Management	Business Auto Liability	\$ 500,000	7/01/07
Essex Insurance	Vehicle Physical Damage - Except Fire	Actual Cash Value	7/01/07
VFIS, Inc.	Vehicle Physical Damage - Fire	Actual Cash Value	7/01/07
National Flood Services	Flood Insurance:		
	Fire Station Building	\$ 28,000	
	Contents	\$ 20,000	7/01/07
	<u>930 Government Street</u>		
	Youth Services Office Building	\$ 55,000	
	Contents	\$ 20,000	7/01/07
	<u>940 Government Street</u>		
	Municipal Building	\$ 215,000	
	Contents	\$ 40,000	7/01/07
	<u>941 Government Street</u>		
	Council on Aging Building	\$ 60,000	
	Contents	\$ 40,000	7/01/07
	<u>949 Government Street</u>		
	Fire Station Building	\$ 28,000	
	Contents	\$ 20,000	7/01/07
	<u>1100 Hatchell Lane</u>		
	Police Station and Jail Facility	\$ 250,000	
	Contents	\$ 20,000	7/01/07
	<u>447 Lamm Street</u>		
	Animal Control Center Building	\$ 16,000	7/01/07
	<u>600-C Bowman Street</u>		

See auditor's report.

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STATISTICAL SECTION

This part of the City of Denham Springs' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	101

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	109
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These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity	115
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	123
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	125
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DENHAM SPRINGS

NET ASSETS BY COMPONENTS

Last Six Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental Activities:						
Invested in Capital Assets -						
Net of Related Debt	\$ 6,560,926	\$ 6,941,960	\$ 6,779,590	\$ 6,490,262	\$ 6,228,263	\$ 6,191,695
Restricted	489,762	496,392	508,826	536,679	557,781	599,029
Unrestricted	3,079,095	2,575,291	2,485,603	2,880,946	4,335,029	4,977,659
Total Governmental Activities -						
Net Assets	<u>\$ 10,129,783</u>	<u>\$ 10,013,643</u>	<u>\$ 9,774,019</u>	<u>\$ 9,907,887</u>	<u>\$ 11,121,073</u>	<u>\$ 11,768,383</u>
Business-Type Activities						
Invested in Capital Assets -						
Net of Related Debt	\$ 7,225,602	\$ 7,090,127	\$ 15,204,106	\$ 15,123,675	\$ 15,086,106	\$ 15,593,805
Restricted	-	-	-	-	-	-
Unrestricted	10,447,753	9,356,563	502,195	46,759	329,607	291,250
Total Business-Type Activities -						
Net Assets	<u>\$ 17,673,355</u>	<u>\$ 16,446,690</u>	<u>\$ 15,706,301</u>	<u>\$ 15,170,434</u>	<u>\$ 15,415,713</u>	<u>\$ 15,885,055</u>
Primary Government:						
Invested in Capital Assets -						
Net of Related Debt	\$ 13,786,528	\$ 14,032,087	\$ 21,983,696	\$ 21,613,937	\$ 21,314,369	\$ 21,785,500
Restricted	489,762	496,392	508,826	536,679	557,781	599,029
Unrestricted	13,526,848	11,931,854	2,987,798	2,927,705	4,664,636	5,268,909
Total Primary Government -						
Net Assets	<u>\$ 27,803,138</u>	<u>\$ 26,460,333</u>	<u>\$ 25,480,320</u>	<u>\$ 25,078,321</u>	<u>\$ 26,536,786</u>	<u>\$ 27,653,438</u>

The City of Denham Springs adopted the provisions of GASB 34 beginning July 1, 2001.

CITY OF DENHAM SPRINGS

CHANGE IN NET ASSETS

Last Six Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental Activities:						
General Government	\$ 1,477,139	\$ 1,703,420	\$ 1,724,664	\$ 1,633,653	\$ 1,665,220	\$ 1,771,741
Public Safety	3,672,912	4,025,923	4,697,707	4,647,126	5,132,885	5,318,674
Highways and Streets	1,374,390	1,415,359	1,087,286	1,605,126	1,479,561	3,692,535
Health	29,098	27,768	47,841	79,185	83,613	86,423
Culture and Recreation	77,645	32,891	28,786	16,129	6,364	5,848
Interest on Long-Term Indebtedness	1,545	773	4,941	4,831	3,591	5,518
Total Governmental Activities Expenses	6,632,729	7,206,134	7,591,225	7,986,050	8,371,234	10,880,739
Business-Type Activities						
Gas	2,336,007	2,574,406	2,900,226	3,115,223	4,094,315	3,508,527
Water	867,579	979,032	1,111,721	1,135,918	1,227,451	1,292,457
Sewer	1,018,507	1,919,226	1,453,480	1,457,006	1,421,191	1,475,803
Sanitation	612,943	599,626	603,848	643,577	690,826	746,293
Total Business-Type Activities	4,835,036	6,072,290	6,069,275	6,351,724	7,433,783	7,023,080
Total Primary Government Expenses	\$ 11,467,765	\$ 13,278,424	\$ 13,660,500	\$ 14,337,774	\$ 15,805,017	\$ 17,903,819
Program Revenues						
Governmental Activities:						
Charges for Services:						
Public Safety	\$ 501,648	\$ 585,517	\$ 437,093	\$ 535,046	\$ 582,442	\$ 528,019
Highways and Streets	13,364	13,364	13,364	13,364	13,364	13,364
Culture and Recreation	21,536	-	-	-	-	-
Operating Grants and Contributions	296,013	327,247	303,567	301,763	794,018	306,493
Capital Grants and Contributions	47,907	155,665	389	295,044	103,925	2,141,638
Total Governmental Activities Program Revenues	880,468	1,081,793	754,413	1,145,217	1,493,749	2,989,514
Business-Type Activities						
Charges for Services	4,823,164	4,711,441	5,116,239	5,634,304	6,940,905	6,888,887
Operating Grants and Contributions	-	-	-	-	183,981	-
Capital Grants and Contributions	32,935	45,666	179,507	32,105	83,576	208,735
Total Business-Type Activities Program Revenues	4,856,099	4,757,107	5,295,746	5,666,409	7,208,462	7,097,622
Total Primary Government Programs Revenues	\$ 5,736,567	\$ 5,838,900	\$ 6,050,159	\$ 6,811,626	\$ 8,702,211	\$ 10,087,136
Net Expense/Revenue						
Governmental Activities	\$ (5,752,261)	\$ (6,124,341)	\$ (6,836,812)	\$ (6,840,833)	\$ (6,877,485)	\$ (7,891,225)
Business-Type Activities	21,063	(1,315,183)	(773,529)	(685,315)	(225,321)	74,542
Total Primary Government Net Expense	\$ (5,731,198)	\$ (7,439,524)	\$ (7,610,341)	\$ (7,526,148)	\$ (7,102,806)	\$ (7,816,683)

(CONTINUED)

CITY OF DENHAM SPRINGS

CHANGE IN NET ASSETS - CONTINUED

Last Six Fiscal Years
(Accrual Basis of Accounting)

General Revenues and Other Changes in Net Assets	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental Activities:						
Taxes:						
Property	\$ 159,204	\$ 163,898	\$ 169,727	\$ 185,288	\$ 184,153	\$ 181,812
Sales	4,193,182	4,316,289	4,837,302	5,121,821	6,271,458	6,557,726
Occupational and permits	627,006	681,773	718,200	775,811	824,833	917,389
Franchise	536,375	600,028	663,061	659,478	831,587	798,040
Other Grants and Contributions not Restricted to Specific Programs	204,170	122,602	169,313	192,417	217,156	187,406
Interest Income	87,980	49,432	37,059	47,348	91,202	200,730
Transfer from Component Unit	-	-	-	42,538	-	-
Transfers	-	-	-	(50,000)	(329,718)	(304,568)
Gain on Sale of Asset	5452	6163	2526	-	-	-
Increase in Infrastructure Due to Annexation	-	68,016	-	-	-	-
Total Governmental Activities	5,813,369	6,008,201	6,597,188	6,974,701	8,090,671	8,538,535
Business-Type Activities:						
Other Grants and Contributions not Restricted to Specific Programs	42,739	38,558	17,399	70,547	81,479	31,914
Interest Income	96,520	49,960	15,741	28,901	59,403	58,318
Transfers	-	-	-	50,000	329,718	304,568
Total Business-Type Activities	139,259	88,518	33,140	149,448	470,600	394,800
Total Primary Government	\$ 5,952,628	\$ 6,096,719	\$ 6,630,328	\$ 7,124,149	\$ 8,561,271	\$ 8,933,335
Change in Net Assets						
Governmental Activities	\$ 61,108	\$ (116,140)	\$ (239,624)	\$ 133,868	\$ 1,213,186	\$ 647,310
Business-Type Activities	160,322	(1,226,665)	(740,389)	(535,867)	245,279	469,342
Total Primary Government	\$ 221,430	\$ (1,342,805)	\$ (980,013)	\$ (401,999)	\$ 1,458,465	\$ 1,116,652

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CITY OF DENHAM SPRINGS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	1998	1999	2000	2001
General Fund				
Reserved	\$ 38,597	\$ 50,290	\$ -	\$ -
Unreserved	1,377,029	1,519,446	2,087,010	2,824,510
Total General Fund	<u>\$ 1,415,626</u>	<u>\$ 1,569,736</u>	<u>\$ 2,087,010</u>	<u>\$ 2,824,510</u>
All Other Governmental Funds				
Reserved	\$ 396,861	\$ 422,205	\$ 445,956	\$ 478,888
Unreserved, reported in				
Debt Service Funds	-	-	-	791
Capital Projects Funds	1,019,985	1,055,377	582,825	498,055
Special Revenue Funds	-	-	-	-
Total All Other Governmental Funds	<u>\$ 1,416,846</u>	<u>\$ 1,477,582</u>	<u>\$ 1,028,781</u>	<u>\$ 977,734</u>

Schedule 4

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>2,556,216</u>	<u>2,144,650</u>	<u>1,976,136</u>	<u>2,522,300</u>	<u>3,983,508</u>	<u>4,830,519</u>
<u>\$ 2,556,216</u>	<u>\$ 2,144,650</u>	<u>\$ 1,976,136</u>	<u>\$ 2,522,300</u>	<u>\$ 3,983,508</u>	<u>\$ 4,830,519</u>
\$ 489,762	\$ 496,392	\$ 508,826	\$ 536,679	\$ 557,781	\$ 599,029
921	2,664	3,112	3,114	3,148	3,241
789,062	678,527	769,330	553,876	503,665	369,306
<u>-</u>	<u>-</u>	<u>-</u>	<u>44,415</u>	<u>48,544</u>	<u>51,581</u>
<u>\$ 1,279,745</u>	<u>\$ 1,177,583</u>	<u>\$ 1,281,268</u>	<u>\$ 1,138,084</u>	<u>\$ 1,113,138</u>	<u>\$ 1,023,157</u>

CITY OF DENHAM SPRINGS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	1998	1999	2000	2001
Revenues:				
Taxes	\$ 4,166,264	\$ 4,521,898	\$ 4,908,105	\$ 4,811,962
Licenses and Permits	543,224	625,763	658,740	603,394
Fines and Forfeits	191,915	174,827	205,178	260,226
Interest	135,471	109,341	145,840	165,745
Fees	184,370	207,616	212,102	209,339
Intergovernmental	1,529,787	693,271	337,467	450,262
Special Assessments	9,977	8,419	7,081	6,831
Miscellaneous	118,830	131,715	183,617	144,750
Total Revenues	6,879,838	6,472,850	6,658,130	6,652,509
Expenditures:				
Current:				
General Government	1,134,593	1,144,816	1,404,705	1,394,742
Public Safety	2,662,443	2,801,364	3,151,595	3,528,464
Highways and Streets	782,805	820,329	1,057,353	1,174,442
Health	24,695	36,144	33,450	25,954
Culture and Recreation	48,462	56,570	115,873	62,994
Capital Outlay				
General Government	-	-	-	-
Public Safety	-	-	-	-
Highways and Streets	1,644,549	1,394,543	828,089	126,940
Debt Service:				
Principal Retirement	13,321	13,321	13,321	13,321
Interest	4,736	3,896	3,057	2,311
Total Expenditures	6,315,604	6,270,983	6,607,443	6,329,168
Excess of Revenues Over (Under)				
Expenditures	564,234	201,867	50,687	323,341
Other Financing Sources (Uses)				
Capital Leases	-	-	-	-
Proceeds From Sale of Fixed Assets	11,040	12,979	17,786	31,610
Transfers In	1,426,500	1,121,210	280,000	-
Transfers Out	(1,426,500)	(1,121,210)	(280,000)	-
Total Other Financing Sources (Uses)	11,040	12,979	17,786	31,610
Net Change in Fund Balances	\$ 575,274	\$ 214,846	\$ 68,473	\$ 354,951
Debt Service as a Percentage of				
Noncapital Expenditures	0.39%	0.35%	0.28%	0.25%

Schedule 5

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 4,935,933	\$ 5,118,463	\$ 5,711,381	\$ 6,006,744	\$ 7,328,233	\$ 7,579,393
627,006	681,773	718,200	775,811	824,833	917,389
244,035	268,883	308,716	401,421	431,280	372,193
86,462	48,775	36,305	46,198	90,170	197,281
219,340	227,467	30,237	136,931	150,263	154,168
318,733	352,169	330,805	626,452	933,814	2,480,463
3,907	2,894	389	-	-	-
250,825	314,599	212,076	132,673	151,228	128,189
6,686,241	7,015,023	7,348,109	8,126,230	9,909,821	11,829,076
1,428,228	1,685,298	1,678,063	1,553,124	1,592,712	1,776,712
3,684,433	3,863,753	4,449,788	4,493,449	5,123,758	5,424,584
1,325,671	1,087,427	1,116,727	1,067,247	1,134,207	1,227,004
29,098	27,768	47,841	79,185	83,613	86,423
77,645	32,891	28,786	16,129	6,364	5,848
-	-	-	-	-	45,750
-	203,158	113,258	-	-	-
110,699	620,525	123,627	468,423	164,956	2,239,966
13,321	13,321	26,918	33,400	34,640	61,841
1,545	773	4,941	4,831	3,591	5,518
6,670,640	7,534,914	7,589,949	7,715,788	8,143,841	10,873,646
15,601	(519,891)	(241,840)	410,442	1,765,980	955,430
-	-	174,485	-	-	106,168
18,116	6,163	2,526	-	-	-
485,700	551,755	320,000	42,538	-	-
(485,700)	(551,755)	(320,000)	(50,000)	(329,718)	(304,568)
18,116	6,163	177,011	(7,462)	(329,718)	(198,400)
\$ 33,717	\$ (513,728)	\$ (64,829)	\$ 402,980	\$ 1,436,262	\$ 757,030
0.23%	0.21%	0.44%	0.53%	0.48%	0.79%

CITY OF DENHAM SPRINGS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Occupational Licenses and Permits</u>	<u>Total</u>
1998	\$ 126,772	\$ 3,334,669	\$ 458,354	\$ 543,224	\$ 4,463,019
1999	138,954	3,655,439	464,695	625,763	4,884,851
2000	135,970	4,149,183	527,970	658,740	5,471,863
2001	163,471	4,061,946	550,382	603,394	5,379,193
2002	159,204	4,193,182	536,375	627,006	5,515,767
2003	163,898	4,316,289	600,028	681,773	5,761,988
2004	169,727	4,837,302	663,061	718,200	6,388,290
2005	185,288	5,121,821	659,478	775,811	6,742,398
2006	184,153	6,271,458	831,587	824,833	8,112,031
2007	181,812	6,557,726	798,040	917,389	8,454,967

CITY OF DENHAM SPRINGS

ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

Last Ten Years

<u>Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value*</u>
1998	\$ 31,439,890	\$ 285,817,200	11%
1999	34,161,710	310,561,000	11
2000	36,113,430	328,303,900	11
2001	45,968,510	417,895,550	11
2002	47,502,340	431,839,450	11
2003	48,325,460	439,322,364	11
2004	53,467,960	486,072,364	11
2005	62,106,950	564,608,636	11
2006	63,370,620	576,096,545	11
2007	64,885,680	589,869,818	11

*Actual Valuation (Market Value) as Compared to Assessed Valuation

Residential properties are assessed at 10% of fair market value; commercial and industrial properties, excluding land, are assessed at 15%. The overall assessed value is estimated to be 11% of actual market value.

SOURCE: Livingston Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of Livingston.

NOTE: Additional information concerning estimated values by types of property was not currently readily available.

CITY OF DENHAM SPRINGS

PROPERTY TAX RATES AND TAX LEVIES DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

Fiscal Year	<u>City of Denham Springs</u>		Parishwide	<u>Parish Special Districts</u>				Total Parish Millage
	<u>Operating Millage</u>	<u>Total City Millage</u>		<u>Drainage District #1</u>	<u>Recreation District #3</u>	<u>Law Enforcement District</u>	<u>Juvenile Detention Center</u>	
1998	4.10	4.10	44.98	5.03	20.00	12.51	3.00	85.52
1999	4.10	4.10	42.09	4.53	18.00	12.51	3.00	80.13
2000	4.10	4.10	42.09	4.53	18.00	12.51	3.00	80.13
2001	3.44	3.44	40.37	3.66	20.00	12.51	3.00	79.54
2002	3.44	3.44	39.64	5.00	18.00	12.51	3.00	78.15
2003	3.44	3.44	40.64	5.00	20.00	12.51	3.00	81.15
2004	3.13	3.13	42.09	5.00	20.00	12.51	3.00	82.60
2005	3.00	3.00	40.67	4.60	16.49	12.51	3.00	77.27
2006	2.92	2.92	42.98	4.60	16.49	12.51	3.00	79.58
2007	2.84	2.84	42.88	4.60	20.00	12.51	3.00	82.99

¹Parishwide - includes all or some of the following:

Parish/Local, Dixon Sinking, Courthouse Sinking, Road Equipment/Maintenance, Drainage Tax, Courthouse Maintenance, Health Unit, Library, and Assessor.

SOURCE: Livingston Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of Livingston.

Schedule 8

Livingston Parish School Board						
Operational Millage	Additional Support Millage	Maintenance Millage	Construction Millage	Debt Service Millage	Total School Millages	Total Direct and Overlapping Rates
3.29	7.18	7.00	5.00	41.87	64.34	153.96
3.29	7.18	7.00	5.00	33.64	56.11	140.34
3.29	7.18	7.00	5.00	28.22	50.69	134.92
3.29	7.18	7.00	5.00	24.16	46.63	129.61
3.29	7.18	7.00	5.00	19.25	41.72	123.31
3.29	7.18	7.00	5.00	15.54	38.01	122.60
3.29	7.18	7.00	5.00	14.85	37.32	123.05
3.29	7.18	7.00	5.00	10.50	32.97	113.24
3.29	7.18	7.00	5.00	7.10	29.57	112.07
3.29	7.18	7.00	5.00	6.73	29.20	115.03

CITY OF DENHAM SPRINGS

PRINCIPAL PROPERTY TAXPAYERS

JUNE 30, 2007

Rank	Name of Taxpayer	Type of Business	2007	
			Assessed Valuation	Percentage of Total Taxable Assessed Value
1	Walmart/Brentwood Investors	Retail	\$ 2,882,820	4.55%
2	Bellsouth Telecommunications	Public Utility	2,684,840	4.24
3	Hancock Bank of Louisiana	Bank	1,305,500	2.06
4	Hibernia National Bank	Bank	1,202,490	1.90
5	All Star Dodge, Inc.	Auto Dealership	1,160,670	1.83
6	All Star Ford, Inc.	Auto Dealership	939,190	1.48
7	Entergy	Public Utility	505,010	0.80
8	AM South Bank	Bank	401,690	0.63
9	Regions Bank	Bank	323,680	0.51
10	Vulcan Foundary, Inc.	Industrial	264,820	0.42
			<u>\$ 11,670,710</u>	<u>18.42%</u>

Note: 1998 Values and Taxpayer Rank were not readily available.

Source: Livingston Parish Assessor's Office.

CITY OF DENHAM SPRINGS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy For Fiscal Year</u>	<u>Collected Within the Fiscal Year of Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1998	\$ 128,904	\$ 126,320	98.00	\$ 4,545	\$ 130,865	101.52
1999	140,063	137,644	98.27	1,310	138,954	99.21
2000	148,065	134,660	90.95	15,185	149,845	101.20
2001	158,132	148,286	93.77	3,888	152,174	96.23
2002	163,406	155,316	95.05	2,763	158,079	96.74
2003	166,238	161,135	96.93	4,246	165,381	99.48
2004	167,353	165,481	98.88	2,596	168,077	100.43
2005	186,321	182,692	98.05	5,963	188,655	101.25
2006	185,040	178,190	96.30	2,115	180,305	97.44
2007	184,470	180,930	98.08	-	180,930	98.08

CITY OF DENHAM SPRINGS

MUNICIPAL SALES TAXES BY CATEGORY - GENERAL SALES AND USE TAX

LAST TEN FISCAL YEARS

<u>Standard Industrial Classification Code</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Agriculture, Forestry, and Fishing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mining	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Manufacturing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Transportation and Public Utilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wholesale Trade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Retail Trade	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vehicle	N/A	17,968	20,419	21,472	21,546	19,302	17,985	19,401	21,990	29,658
Food Stores	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Finance, Insurance, and Real Estate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Public Administration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Livingston Parish School System's Sales Tax Department which is
Collector of City of Denham Springs Municipal 1 1/2 % Sales and Use Taxes
currently does not compile sales tax data by standard industrial code.

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CITY OF DENHAM SPRINGS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Business - Type Activities	Total Primary Government
	General Obligation Bonds	Certificates of Indebtedness	Capital Lease	Revenue Bonds	
1998	\$ -	\$ 66,605	\$ -	\$ 1,968,028	\$ 2,034,633
1999	-	53,284	-	1,514,446	1,567,730
2000	-	39,963	-	1,295,008	1,334,971
2001	-	26,642	-	1,069,541	1,096,183
2002	-	13,321	-	842,877	856,198
2003	-	-	-	614,933	614,933
2004	-	-	147,567	385,623	533,190
2005	-	-	114,167	160,144	274,311
2006	-	-	79,527	-	79,527
2007	-	-	123,854	23,765,000	23,888,854

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: ¹ Population of the City of Denham Springs obtained from the State Treasurer's Office.

Schedule 12

<u>Percentage of Personal Income</u>	<u>Population¹</u>	<u>Per Capita</u>
N/A	9,171	\$ 221.86
N/A	9,248	169.52
N/A	9,175	145.50
N/A	8,757	125.18
N/A	8,883	96.39
N/A	8,977	68.50
N/A	9,913	53.79
N/A	10,167	26.98
N/A	10,217	7.78
N/A	10,342	2,309.89

CITY OF DENHAM SPRINGS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
1998	\$ -	\$ -	\$ -	N/A	N/A
1999	-	-	-	N/A	N/A
2000	-	-	-	N/A	N/A
2001	-	-	-	N/A	N/A
2002	-	-	-	N/A	N/A
2003	-	-	-	N/A	N/A
2004	-	-	-	N/A	N/A
2005	-	-	-	N/A	N/A
2006	-	-	-	N/A	N/A
2007	-	-	-	N/A	N/A

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

The City has had no outstanding general obligation bonds in the past ten years.

Population data can be found in the Schedule of Demographic and Economic Statistics on page 123.

CITY OF DENHAM SPRINGS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2007

		Amounts In		City of	
		Debt Service		Denham Springs	
	Gross Debt	Fund For	Net Debt	Estimated	Share of
	Outstanding	Principal	Outstanding	Percentage	Debt
				Applicable ¹	
<u>GOVERNMENTAL UNIT - Direct Debt</u>					
City of Denham Springs	\$ -	\$ -	\$ -	100%	\$ -
<u>OTHER GOVERNMENTAL AGENCIES - Overlapping Debt</u>					
School District #1	\$ 4,980,000	\$ 286,195	\$ 4,693,805	45%	\$ 2,112,212
Library Bonds	8,560,000	1,181,518	7,378,482	19%	1,401,912
Recreation District No. 3	1,525,000	533,257	991,743	51%	505,789
Total Other					
Governmental					
Agencies	\$ 15,065,000	\$ 2,000,970	\$ 13,064,030		\$ 4,019,913
Total Direct and					
Overlapping					
Debt	\$ 15,065,000	\$ 2,000,970	\$ 13,064,030		\$ 4,019,913
2007 Population					10,342
Per Capita					\$ 389

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Denham Springs. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Net Overlapping Debt is computed to demonstrate the total property tax burden on the taxpayers within the reporting government's geographic jurisdiction and the total debt that their property taxes will be expected to repay.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Parish's taxable assessed value that is within the City's boundaries and dividing it by the Parish's total taxable assessed value.

CITY OF DENHAM SPRINGS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Debt Limit	\$ 3,143,989	\$ 3,416,171	\$ 3,611,343	\$ 4,596,851
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 3,143,989</u>	<u>\$ 3,416,171</u>	<u>\$ 3,611,343</u>	<u>\$ 4,596,851</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Note: Under state finance law, the City of Denham Springs' outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 4,750,234	\$ 4,832,546	\$ 5,346,796	\$ 6,210,695	\$ 6,337,620	\$ 6,488,568
-	-	-	-	-	-
<u>\$ 4,750,234</u>	<u>\$ 4,832,546</u>	<u>\$ 5,346,796</u>	<u>\$ 6,210,695</u>	<u>\$ 6,337,620</u>	<u>\$ 6,488,568</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Legal Debt Margin Calculation for Fiscal Year 2007

Total Assessed Value	<u>\$ 64,885,680</u>
Debt Limit (10% of Total Assessed Value)	\$ 6,488,568
Less: Debt Applicable to Limit: General Obligation Bonds	<u>-</u>
Legal Debt Margin	<u>\$ 6,488,568</u>

CITY OF DENHAM SPRINGS

PLEDGED REVENUE COVERAGE

Last Ten Years

Year	Utility Revenue Bonds					
	Gross Revenue ¹	Other Financial Sources ³	Expenses ²	Available for Debt Service	Debt Service	
					Principal	Interest
1998	\$ 4,261,063	\$ -	\$ 3,176,498	\$ 1,084,565	\$ 132,735	\$ 227,441
1999	4,006,415	-	3,061,149	945,266	453,582	124,029
2000	4,308,006	-	3,349,639	958,367	219,438	105,090
2001	5,819,138	-	5,052,724	766,414	225,467	89,182
2002	4,962,423	-	4,127,525	834,898	226,664	72,927
2003	4,799,959	-	5,402,563	(602,604)	227,944	56,402
2004	5,149,379	-	5,383,330	(233,951)	229,310	40,329
2005	5,733,752	50,000	5,687,654	96,098	225,479	23,706
2006	7,265,768	329,718	6,764,455	831,031	160,144	8,648
2007	6,979,119	304,568	6,353,047	930,640	-	-

¹Total Operating Revenues plus Non-Operating Revenues

²Total Operating Expenses plus Non-Operating Expenses less Depreciation and Debt Service Interest on Revenue Bonds

³Transfers In

Special Assessment Certificates						
Total	Coverage	Special Assessment Collections	Debt Service		Coverage	
			Principal	Interest		
\$ 360,176	3.01	\$ 8,525	\$ 13,321	\$ 3,896	.50	
577,611	1.64	8,057	13,321	3,057	.49	
324,528	2.96	10,540	13,321	2,311	.67	
314,649	2.44	6,830	13,321	1,545	.46	
299,591	2.79	3,907	13,321	773	.28	
284,346	-	5,944	-	-	N/A	
269,639	-	389	-	-	N/A	
249,185	.39	-	-	-	N/A	
168,792	4.92	-	-	-	N/A	
-	N/A	-	-	-	N/A	

CITY OF DENHAM SPRINGS
DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

<u>Year</u>	<u>Population¹</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Income²</u>	<u>Median Age⁵</u>	<u>Public School Enrollment⁴</u>
1998	9,171	169,324	\$18,463	N/A	18,522
1999	9,248	181,788	19,657	N/A	19,241
2000	9,175	183,399	19,989	35	19,481
2001	8,757	185,403	21,172	N/A	19,791
2002	8,883	187,973	21,161	N/A	19,987
2003	8,977	191,533	21,336	N/A	20,496
2004	9,913	219,880	22,181	N/A	20,898
2005	10,167	240,805	23,685	N/A	21,561
2006	10,217	N/A	N/A	N/A	23,141
2007	10,342	N/A	N/A	N/A	23,347

¹Population of City of Denham Springs obtained from State Treasurer's Office.

²Parishwide Per Capita Income Per Louisiana Department of Labor.

³Per Louisiana Department of Labor.

⁴Louisiana Department of Education.

⁵United States Census Bureau.

N/A - Not readily available at this time.

Schedule 17

Unemployment Livingston Parish ³	Unemployment Labor Market Area ³
6.1%	5.3%
5.4	4.6
5.0	4.0
6.1	4.6
6.1	5.4
6.7	5.6
7.4	6.2
6.3	6.1
4.5	4.6
4.3	4.6

CITY OF DENHAM SPRINGS

FULL-TIME EQUIVALENT CITY OF DENHAM SPRINGS EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30				
	1998	1999	2000	2001	2002
General Government:					
General Provisions	10	10	11	11	10
Cemetery	2	2	2	2	2
Business License and Permit	2	2	2	1	2
Ward II Court	1	1	1	1	1
Planning and Zoning	4	3	4	4	4
Landscaping	-	-	-	-	-
Public Safety:					
Animal Control	1	1	1	2	2
Firemen	21	18	20	21	25
Policemen	26	26	27	27	27
Police Communications	10	10	11	12	10
Police Administrative Staff	3	4	3	3	3
Police Crossing Guards	2	2	2	2	2
Litter Control	-	-	-	-	-
Public Works:					
Street	18	18	20	19	23
Culture and Recreation:					
Main Street Director	-	1	1	1	1
Public Utilities:					
Natural Gas, Water and Sewer	32	32	33	35	33
Motor Pool:					
Mechanics	1	1	1	2	2
Total Full-time Equivalent	<u>133</u>	<u>131</u>	<u>139</u>	<u>143</u>	<u>147</u>
Total Full-time and Part-time Employees	<u>139</u>	<u>136</u>	<u>145</u>	<u>150</u>	<u>154</u>

Note: Information provided by the City of Denham Springs.

The Mayor is an elected full-time position. This position is not included in the above schedule.

Schedule 18

Full-time Equivalent Employees as of June 30				
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
13	11	10	10	12
2	2	2	2	2
2	2	2	2	1
2	2	2	2	2
3	3	3	3	3
2	2	2	-	-
4	3	4	4	6
23	25	25	25	27
26	26	26	27	30
12	11	5	5	5
3	4	4	4	5
2	2	2	3	3
1	1	1	1	1
17	14	14	15	17
1	-	-	-	-
37	40	40	37	42
2	2	2	2	1
<u>152</u>	<u>150</u>	<u>144</u>	<u>142</u>	<u>157</u>
<u>159</u>	<u>159</u>	<u>154</u>	<u>153</u>	<u>166</u>

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	1998	1999	2000	2001
General Government				
Election Data				
Registered Voters	N/A	N/A	N/A	N/A
Voters at polls	N/A	N/A	N/A	N/A
Absentee ballots	N/A	N/A	N/A	N/A
Percent Voting	N/A	N/A	N/A	N/A
Ward II Court				
Court Cases				
Civil	896	977	984	1,000
Criminal	1,478	859	1,104	3,442
Landlord and tenant (Included in Civil)	-	-	-	-
Small Claims	-	-	-	-
Traffic	4,498	5,003	6,066	7,362
Public Safety				
Police Protection				
Adult arrests	N/A	N/A	N/A	761
Civil infractions	N/A	N/A	N/A	N/A
Group A Offenses	N/A	N/A	N/A	1,497
Group B Offenses	N/A	N/A	N/A	386
Accidents w/injury	N/A	N/A	N/A	232
Juvenile arrest	N/A	N/A	N/A	144
DWI	N/A	N/A	N/A	81
Parking violations	N/A	N/A	N/A	N/A
Criminal damage to property	N/A	N/A	N/A	268
Private property damage	N/A	N/A	N/A	N/A
Total traffic violations	N/A	N/A	N/A	7,174
Fire Protection				
Fire	N/A	65	84	86
Estimated Loss Due to Fire Incidents Reported	N/A	N/A	N/A	N/A
Overpressure rupture, explosion, overhear (no fire)	N/A	5	5	4
Rescue & Emergency Medical Service Incident	N/A	971	947	901
Hazardous Condition (No Fire)	N/A	39	38	34
Service Call	N/A	100	86	68
Good Intent Call	N/A	63	48	52
False Alarm & False Call	N/A	66	84	63
Severe Weather & Natural Disaster	N/A	-	-	2
Special Incident Type	N/A	4	-	1

(CONTINUED)

Schedule 19

2002	2003	2004	2005	2006	2007
N/A	N/A	5,812	5,886	6,413	6,437
N/A	N/A	2,022	907	1,470	1,886
N/A	N/A	87	47	43	59
N/A	N/A	36.30%	16.20%	23.60%	30.22%
1,091	1,074	1,250	1,053	858	1,333
4,818	5,215	5,763	6,847	1,689	1,794
-	-	-	-	N/A	N/A
-	-	-	-	-	-
6,368	7,699	8,238	8,932	10,028	11,281
724	681	613	874	833	908
N/A	N/A	N/A	N/A	N/A	N/A
1,496	1,325	1,284	1,378	1,450	1,493
378	441	308	412	463	483
275	264	282	134	124	148
110	90	74	122	97	131
91	85	71	95	90	78
N/A	N/A	N/A	N/A	N/A	N/A
269	127	151	123	166	196
N/A	N/A	N/A	N/A	N/A	N/A
5,780	7,107	9,113	9,945	10,013	9,199
52	51	64	62	64	96
N/A	N/A	N/A	N/A	N/A	N/A
1	8	5	5	2	-
906	949	948	1,176	910	1,119
48	36	38	65	21	34
105	101	89	115	72	104
48	65	87	140	131	146
59	63	76	117	75	143
-	-	2	3	2	8
2	3	2	-	-	-

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	1998	1999	2000	2001
Natural Gas Services				
Customers	4,299	4,372	4,462	4,511
Inside - Residential	N/A	N/A	N/A	N/A
Inside - Commercial/Industrial	N/A	N/A	N/A	N/A
Outside - Residential	N/A	N/A	N/A	N/A
Outside - Commercial/Industrial	N/A	N/A	N/A	N/A
Natural Gas (in million cubic feet (MCF))				
Purchased from LA Municipal Gas Authority (LMGA)	284,359	253,523	265,120	300,873
Sold to customers	265,300	222,574	253,530	258,536
Rates				
Residential Customers inside the city				
First 500 cubic feet or less	\$ 5.63	\$ 5.63	\$ 5.63	\$ 5.63
Next 3,500 cubic feet at \$ per MCF	\$ 6.36	\$ 6.36	\$ 6.36	\$ 6.36
Next 8,000 cubic feet at \$ per MCF	\$ 6.26	\$ 6.26	\$ 6.26	\$ 6.26
Next 12,000 cubic feet at \$ per MCF	\$ 6.16	\$ 6.16	\$ 6.16	\$ 6.16
Residential Customers outside the city and all commercial customers inside and outside the city				
First 500 cubic feet or less	\$ 6.03	\$ 6.03	\$ 6.03	\$ 6.03
Next 3,500 cubic feet at \$ per MCF	\$ 6.76	\$ 6.76	\$ 6.76	\$ 6.76
Next 8,000 cubic feet at \$ per MCF	\$ 6.66	\$ 6.66	\$ 6.66	\$ 6.66
Next 12,000 cubic feet at \$ per MCF	\$ 6.56	\$ 6.56	\$ 6.56	\$ 6.56
All customers inside and outside the city				
Minimum monthly charge				
Monthly gas rate - cost of gas plus .50 cents per CCF (hundred cubic feet)				
Water Services				
Customers	5,902	6,054	6,141	6,249
Inside - Residential	N/A	N/A	N/A	N/A
Inside - Commercial/Industrial	N/A	N/A	N/A	N/A
Outside - Residential	N/A	N/A	N/A	N/A
Outside - Commercial/Industrial	N/A	N/A	N/A	N/A
Water (per hundred gallons)				
Sold to customers	N/A	N/A	N/A	N/A

(CONTINUED)

Schedule 19
(Continued)

2002	2003	2004	2005	2006	2007
4,591	4,675	4,838	5,024	5,274	5,607
N/A	N/A	2,307	2,295	2,257	2,265
N/A	N/A	227	230	227	243
N/A	N/A	2,248	2,438	2,732	3,036
N/A	N/A	56	61	58	63
271,184	272,337	253,568	239,969	253,568	290,515
265,569	258,536	242,846	234,656	239,077	282,351
\$ 5.63	\$ 5.63	\$ 5.63	RATES	CHANGED	CHANGED
\$ 6.36	\$ 6.36	\$ 6.36			
\$ 6.26	\$ 6.26	\$ 6.26			
\$ 6.16	\$ 6.16	\$ 6.16	SEE	BELOW	BELOW
\$ 6.03	\$ 6.03	\$ 6.03	RATES	CHANGED	CHANGED
\$ 6.76	\$ 6.76	\$ 6.76			
\$ 6.66	\$ 6.66	\$ 6.66			
\$ 6.56	\$ 6.56	\$ 6.56	SEE	BELOW	BELOW
		\$ 5.63	\$ 5.63	\$ 5.63	\$ 5.63
		eff. 11-9-04	eff. 11-9-04	eff. 11-9-04	eff. 11-9-04
6,356	6,459	6,684	6,945	7,073	7,367
N/A	N/A	3,397	3,412	3,393	3,438
N/A	N/A	539	561	565	583
N/A	N/A	2,697	2,911	3,052	3,280
N/A	N/A	51	61	63	66
N/A	N/A	N/A	837,346	1,027,001	825,024

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Rates (amount billed customers)				
Inside the corporate limits				
For the first 2,500 gallons monthly minimum charge based on meter size - Refer to meter chart (A)				
For every 1,000 gallons or part thereof next 5,500 gallons	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
For every 1,000 gallons or part thereof next 17,000 gallons	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75
For every 1,000 gallons or part thereof all over 25,000 gallons	\$ 0.65	\$ 0.65	\$ 0.65	\$ 0.65
Flat fee for filling of swimming pool or tank truck from fire hydrant by authorized personnel	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00
Chart (A) - Monthly minimum charge				
5/8 inch	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50
3/4 inch	\$ 8.20	\$ 8.20	\$ 8.20	\$ 8.20
1 inch	\$ 13.70	\$ 13.70	\$ 13.70	\$ 13.70
1 1/2 inch	\$ 27.30	\$ 27.30	\$ 27.30	\$ 27.30
2 inch	\$ 43.70	\$ 43.70	\$ 43.70	\$ 43.70
3 inch	\$ 82.60	\$ 82.60	\$ 82.60	\$ 82.60
4 inch	\$ 137.80	\$ 137.80	\$ 137.80	\$ 137.80
6 inch	\$ 275.15	\$ 275.15	\$ 275.15	\$ 275.15
8 inch	\$ 550.00	\$ 550.00	\$ 550.00	\$ 550.00
Outside the corporate limits				
For the first 2,500 gallons monthly minimum charge based on meter size - Refer to meter chart (B)				
For every 1,000 gallons or part thereof next 5,500 gallons	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20
For every 1,000 gallons or part thereof next 17,000 gallons	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90
For every 1,000 gallons or part thereof all over 25,000 gallons	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78
Flat fee for filling of swimming pool or tank truck from fire hydrant by authorized personnel	\$ 48.00	\$ 48.00	\$ 48.00	\$ 48.00

(CONTINUED)

Schedule 19
(Continued)

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 2.00
\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 1.85
\$ 0.65	\$ 0.65	\$ 0.65	\$ 0.65	\$ 0.65	\$ 1.70
\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 70.00
\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 6.75
\$ 8.20	\$ 8.20	\$ 8.20	\$ 8.20	\$ 8.20	\$ 9.10
\$ 13.70	\$ 13.70	\$ 13.70	\$ 13.70	\$ 13.70	\$ 15.15
\$ 27.30	\$ 27.30	\$ 27.30	\$ 27.30	\$ 27.30	\$ 30.15
\$ 43.70	\$ 43.70	\$ 43.70	\$ 43.70	\$ 43.70	\$ 48.30
\$ 82.60	\$ 82.60	\$ 82.60	\$ 82.60	\$ 82.60	\$ 91.25
\$ 137.80	\$ 137.80	\$ 137.80	\$ 137.80	\$ 137.80	\$ 152.20
\$ 275.15	\$ 275.15	\$ 275.15	\$ 275.15	\$ 275.15	\$ 303.80
\$ 550.00	\$ 550.00	\$ 550.00	\$ 550.00	\$ 550.00	\$ 607.25
\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20	\$ 2.25
\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90	\$ 2.10
\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 1.95
\$ 48.00	\$ 48.00	\$ 48.00	\$ 48.00	\$ 48.00	\$ 75.00

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Chart (B) - Monthly minimum charge				
5/8 inch	\$ 6.61	\$ 6.61	\$ 6.61	\$ 6.61
3/4 inch	\$ 9.84	\$ 9.84	\$ 9.84	\$ 9.84
1 inch	\$ 16.44	\$ 16.44	\$ 16.44	\$ 16.44
1 1/2 inch	\$ 32.76	\$ 32.76	\$ 32.76	\$ 32.76
2 inch	\$ 52.44	\$ 52.44	\$ 52.44	\$ 52.44
3 inch	\$ 99.12	\$ 99.12	\$ 99.12	\$ 99.12
4 inch	\$ 165.36	\$ 165.36	\$ 165.36	\$ 165.36
6 inch	\$ 330.18	\$ 330.18	\$ 330.18	\$ 330.18
8 inch	\$ 660.00	\$ 660.00	\$ 660.00	\$ 660.00
Sewer Services				
Customers	4,994	5,114	5,188	5,231
Inside - Residential	N/A	N/A	N/A	N/A
Inside - Commercial/Industrial	N/A	N/A	N/A	N/A
Outside - Residential	N/A	N/A	N/A	N/A
Outside - Commercial/Industrial	N/A	N/A	N/A	N/A
Rates (amount billed customers)				
Residential customers inside the city				
Monthly flat fee and	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
% of water consumption per 100 gallons	3%	3%	3%	3%
Residential customers outside the city				
Monthly flat fee and	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
% of water consumption per 100 gallons	3%	3%	3%	3%
Commercial customers inside the city				
Monthly flat fee and	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
% of water consumption per 100 gallons	3%	3%	3%	3%
Commercial customers outside the city				
Monthly flat fee and	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
% of water consumption per 100 gallons	5%	5%	5%	5%

(CONTINUED)

Schedule 19
(Continued)

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 6.61	\$ 6.61	\$ 6.61	\$ 6.61	\$ 6.61	\$ 7.25
\$ 9.84	\$ 9.84	\$ 9.84	\$ 9.84	\$ 9.84	\$ 10.90
\$ 16.44	\$ 16.44	\$ 16.44	\$ 16.44	\$ 16.44	\$ 18.15
\$ 32.76	\$ 32.76	\$ 32.76	\$ 32.76	\$ 32.76	\$ 36.20
\$ 52.44	\$ 52.44	\$ 52.44	\$ 52.44	\$ 52.44	\$ 57.95
\$ 99.12	\$ 99.12	\$ 99.12	\$ 99.12	\$ 99.12	\$ 109.50
\$ 165.36	\$ 165.36	\$ 165.36	\$ 165.36	\$ 165.36	\$ 182.60
\$ 330.18	\$ 330.18	\$ 330.18	\$ 330.18	\$ 330.18	\$ 364.55
\$ 660.00	\$ 660.00	\$ 660.00	\$ 660.00	\$ 660.00	\$ 728.70
5,289	5,294	5,348	5,420	5,424	5,489
N/A	N/A	3,232	3,253	3,236	3,275
N/A	N/A	514	514	514	527
N/A	N/A	1,571	1,622	1,640	1,654
N/A	N/A	31	31	34	33
\$ 6.00 3%	\$ 6.00 3%	\$ 6.00 3%	\$ 6.00 3%	\$ 6.00 3%	\$ 6.00 10%
\$ 7.00 3%	\$ 7.00 3%	\$ 7.00 3%	\$ 7.00 3%	\$ 7.00 3%	\$ 7.00 10%
\$ 6.00 3%	\$ 6.00 3%	RATES SEE	CHANGED BELOW	RATES SEE	CHANGED BELOW
\$ 7.00 5%	\$ 7.00 5%	RATES SEE	CHANGED BELOW	RATES SEE	CHANGED BELOW

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Commercial customers inside the city				
Hotels/Motels				
Monthly flat fee of \$6.00 based on number of	N/A	N/A	N/A	N/A
rooms and % of water consumption per 100 gal.	N/A	N/A	N/A	N/A
All other commercial customers inside the city				
Monthly flat fee based on commercial business zone and				
Zone C-1 \$10.00	N/A	N/A	N/A	N/A
Zone C-2 \$12.00	N/A	N/A	N/A	N/A
Zone C-3 \$25.00	N/A	N/A	N/A	N/A
Zone C-4 \$30.00	N/A	N/A	N/A	N/A
Zone I-1 and I-2 \$35.00	N/A	N/A	N/A	N/A
3% of water consumption per 100 gallons (Month Avg. 23,095)				
Commercial customers outside the city				
Hotels/Motels				
Monthly flat fee of \$7.00 based on number of	N/A	N/A	N/A	N/A
rooms and % of water consumption per 100 gal.	N/A	N/A	N/A	N/A
All other commercial customers outside the city				
Monthly flat fee and	N/A	N/A	N/A	N/A
% of water consumption per 100 gallons	N/A	N/A	N/A	N/A
Sanitation Services				
Customers				
Inside - Residential	3,108	3,149	3,215	3,246
Inside - Commercial/Industrial	N/A	N/A	N/A	3,133
Sanitation Service Contracted Rates -				113
Monthly per Customer				
Twice Weekly Pickup and Weekly				
Pickup of Recycling	\$ 12.09	\$ 12.28	\$ 12.43	\$ 13.13
Rates (amount billed customers)				
Inside - Residential	\$ 13.37	\$ 13.37	\$ 13.37	\$ 14.49
Inside - Commercial/Industrial	\$ 11.25	\$ 11.25	\$ 11.25	\$ 12.19
Inside - Senior Citizens	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

Schedule 19
(Continued)

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
N/A N/A	N/A N/A	217 Rooms 3%	217 Rooms 3%	217 Rooms 3%	314 Rooms 10%
N/A	N/A	12	12	12	12
N/A	N/A	25	25	25	25
N/A	N/A	436	436	436	503
N/A	N/A	20	20	20	20
N/A	N/A	21	21	21	21
		3%	3%	3%	10%
N/A N/A	N/A N/A	None 3%	None 3%	None 3%	None 12%
N/A N/A	N/A N/A	\$ 28.00 5%	\$ 31.00 5%	\$ 34.00 5%	\$ 36.00 12%
3,275 3,155 120	3,390 3,267 123	3,407 3,279 128	3,426 3,293 133	3,415 3,282 133	3,366 3,231 135
\$ 13.76	\$ 12.51	\$ 13.58	\$ 14.35	\$ 14.86	\$ 14.86
\$ 14.49	\$ 13.55	\$ 14.30	\$ 14.30	\$ 14.81	\$ 14.81
\$ 12.19	\$ 11.80	\$ 12.55	\$ 12.55	\$ 13.06	\$ 13.06
\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

CITY OF DENHAM SPRINGS
CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Government				
Buildings				
Municipal (City Hall, Ward II Court and Ward II Marshall)	1	1	1	1
Public Safety				
Police Protection				
Stations	1	1	1	1
Vehicles - Marked	N/A	N/A	N/A	N/A
Vehicles - Unmarked	N/A	N/A	N/A	N/A
Motorcycles - Marked	N/A	N/A	N/A	N/A
Fire Protection				
Administrative Office	N/A	N/A	N/A	N/A
Stations	2	2	2	2
Vehicles - Extinguishment	4	4	4	4
Vehicles - Emergency Medical	1	1	1	1
Public Works				
Streets and Sidewalks				
Miles of City:				
Primary streets (State and Federal)	N/A	N/A	N/A	N/A
Secondary streets (City)	42.7	42.7	42.7	42.7
Sidewalks	N/A	N/A	N/A	N/A
Bridges	N/A	N/A	N/A	N/A
Buildings	2	2	2	2
Street Lights:				
Residential	638	638	638	638
Street and Highway	284	284	284	284
Security Light	2	2	2	2
Vehicles	N/A	N/A	N/A	N/A
Natural Gas, Water and Sewer Services				
Fire Hydrants	N/A	N/A	N/A	N/A
Miles of natural gas mains	143	143	145	146
Miles of water mains	N/A	N/A	N/A	N/A
Miles of sanitary sewer	N/A	N/A	N/A	N/A
Number of sewer pumping stations	27	27	32	32
Type of sewer treatment system	Rock Reed	Rock Reed	Rock Reed	Rock Reed
Recreation and Culture				
Parks and Recreation				
Acres	1	1	1	1
Developed parks (Spring and Train Station)	1	1	1	1
Buildings (Spring and Train Station)	1	1	1	1

Schedule 20

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
1	1	1	1	1	1
1	1	1	1	1	1
28	28	28	28	28	30
6	6	6	6	6	7
2	2	2	3	3	3
N/A	N/A	N/A	N/A	N/A	1
2	2	3	3	3	3
4	4	4	4	4	4
1	1	1	1	1	1
N/A	N/A	N/A	N/A	N/A	N/A
42.7	45.3	45.3	45.3	45.3	45.3
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
2	2	2	2	2	2
638	638	638	638	652	652
284	284	284	284	284	284
2	2	2	2	2	2
15	15	16	16	17	17
N/A	N/A	N/A	N/A	N/A	568
149	151	159	163	N/A	180
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
32	32	36	36	37	37
Rock Reed	Rock Reed	Rock Reed	Rock Reed	Rock Reed	Rock Reed
1	1	3	3	3	3
1	1	2	2	2	2
1	1	2	2	2	2

CITY OF DENHAM SPRINGS, LOUISIANA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

YEAR ENDED JUNE 30, 2007

CITY OF DENHAM SPRINGS, LOUISIANA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**



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December 20, 2007

The Mayor and Members of
the City Council
City of Denham Springs
Denham Springs, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the City of Denham Springs, Louisiana's basic financial statements and have issued our report thereon dated December 20, 2007. We have also audited the financial statements of each of the City's nonmajor governmental funds and internal service fund presented in the combining and individual fund financial statements and schedules as of and for the year ended June 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the City of Denham Springs in a separate letter dated December 20, 2007.

This report is intended solely for the information of management and the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannu J. Bourgeois, CPA

CITY OF DENHAM SPRINGS, LOUISIANA

MANAGEMENT LETTER

JUNE 30, 2007



Hannis T. Bourgeois, LLP

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December 20, 2007

The Mayor and Members of
the City Council
City of Denham Springs
Denham Springs, Louisiana

In planning and performing our audit of the basic financial statements of the City of Denham Springs, Louisiana, for the year ended June 30, 2007, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 20, 2007, on the basic financial statements of the City of Denham Springs, Louisiana.

CURRENT YEAR FINDINGS:

None

PRIOR YEAR FINDINGS:

Finding 00-1:

It was noted in the prior years and again in the current year that although the majority of the accounting cycles have been documented, there is a lack of written policies and procedures in the various cycles comprising the City's accounting/finance function. Written policies and procedures are essential to a strong internal control system and accounting department.

The Mayor and Members of
the City Council
City of Denham Springs
December 20, 2007
Page 2

Recommendation:

We again recommend the City complete the task of evaluating the various cycles and developing written policies and procedures for each cycle.

Management's Response:

All accounting cycles except for Personnel have been documented. Personnel has started documenting its accounting cycles. The next step is to combine all the documented accounting cycles into one policy and procedures manual. The completed policy and procedures manual will be reviewed and updated periodically as needed.

Corrective Action Taken:

Management is continuing the documentation of its accounting cycles with the personnel and purchasing remaining to be completed. Management informed us the personnel manual was delayed due the hiring of a new personnel director and recommendations from legal counsel for changes. Once the personnel and purchasing procedures are completed, management is planning on combining all procedures within the accounting cycle into one manual.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the Treasurer and Finance Committee, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the use of management, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Denham Springs, Louisiana, is a matter of public record.

Respectfully submitted,

Hannia J. Bourgeois, CPA